

# **ORGANISATIONAL EFFECTIVENESS AS A PANACEA TO ENHANCE PUBLIC GOOD: A NONGOVERNMENTAL ORGANISATIONS' PERSPECTIVE**

by

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## ABSTRACT

Nongovernmental Organisations (NGOs) have been an important part of the development project in many countries. The need to organise in the form of NGOs comes from a call for collective action in dealing with the many social, economic and environmental problems that the world faces. NGOs have been particularly important in the South African context, during the apartheid and post-apartheid eras. With South Africa becoming a fully-fledged democracy in 1994, apartheid legislation in the form of the Fundraising Act (No. 107 of 1978) was repealed to make way for the Nonprofit Organisations Act (No. 71 of 1997) that sought to make the operations and functioning of NGOs easier and more effective.

Due to the first major world economic and financial crisis of the new millennium, NGOs also suffered as limited funds from private donors and governments were now available for the funding of NGOs. This created a situation where NGOs had to fundamentally rethink their operations and functioning, and to ultimately become more organisationally effective.

This study traces the evolution of NGOs, as well as the concept of Organisational Effectiveness (OE). It explores the benefits that NGOs can derive from actively pursuing organisational management strategies such as Business Process Reengineering (BPR) in the quest to become organisationally more effective.

The study was qualitative in nature and followed a case study research design. A self-completion questionnaire was used to gather information from the NGOs, while the researcher also had access to documents such as annual reports and programme outlines. The two cases selected were NGOs operating in the Stellenbosch region of South Africa, namely, Good Hope Psychological Services (GHPS) and Women on Farms (WFP). GHPS gives free psychological and counselling services to previously disadvantaged individuals and families

in the Cape Winelands region, while WFP strives for the upliftment and empowerment of women that work on farms in the same region.

The study identified various obstacles that inhibit NGOs from being organisationally effective. These include the following inter alia: a lack of / limited funding, problems with governance, and a lack of strategic planning. To remedy this situation, the researcher suggest that NGOs use the Organisational Effectiveness Checklist (OEC) to identify obstacles to OE specific to their context and organisational arrangements and to implement a BPR process to clear the identified obstacles in a bid to become more organisationally effective.

## OPSOMMING

Nie-regeringsorganisasies (NROs) het 'n belangrike deel geword van die ontwikkelingsprojek in baie lande. Die behoefte om in NROs te organiseer is hoofsaaklik afkomstig van die noodsaaklikheid vir gesamentlike optrede in die hantering van vele sosiale, ekonomiese en omgewingsprobleme wat die wêreld in die gesig staar. NROs het veral belangrik geword in die Suid-Afrikaanse konteks, gedurende die apartheid en post-apartheid eras. Toe Suid-Afrika 'n volwaardige demokrasie in 1994 geword het, is apartheidswetgewing in die vorm van die Fondsinsamelings Wet (No. 107 van 1978) herroep om plek te maak vir die nuwe Nie-regerings Organisasies Wet (No. 71 van 1997). Dié nuwe wetgewing is daar gestel om die operasionele bedrywighede and aktiwiteite van NROs makliker en meer effektief te maak.

Te danke aan die eerste globale ekonomiese en -finansiële krisis van die nuwe millennium, het NROs ook gebukkend gegaan onder beperkte fondse van privaat skenkers en regerings. Dit het 'n situasie geskep waar NROs fundamenteel moes heroorweeg hul operasionele bedrywighede en funksionering, en om te strewe na organisasies wat meer effektief hulle doelwitte kan bereik.

Hierdie studie ondersoek die ontwikkeling van NROs, asook die konsep van Organisatoriese Doeltreffendheid (OD). Dit ondersoek ook die voordele wat NROs kan put uit die implementering van organisatoriese strategieë soos Besigheidsproses Hersiening (BPH) in die soeke na organisasie wat meer doeltreffend funksioneer.

Die studie was kwalitatief van aard en het 'n gevallestudie navorsingsontwerp gevolg. 'n Vraelys wat self deur die respondente voltooi is, is gebruik om inligting van die NGOs in te samel, terwyl die navorser ook toegang gehad het tot dokumente soos jaarverslae en program uiteensettings. Twee gevallestudies, in die vorm van NROs wat in die Stellenbosch-streek van Suid-Afrika gesetel is, is gebruik in die studie. Die twee NROs was: Good Hope Psychological

Services (GHPS) en Women on Farms (WFP). GHPS bied gratis sielkundige en -beradingsdienste aan vir voorheen benadeelde individue en gesinne in die Kaapse Wynlandstreek, terwyl WFP streef na die opheffing en bemagtiging van vroue wat op plase werk in dieselfde streek.

Die studie het verskeie struikelblokke geïdentifiseer wat NROs verhoed om organisatories effektief te wees. Dit sluit die volgende in: 'n gebrek aan / beperkte fondse, probleme met bestuur, en 'n gebrek aan strategiese beplanning. As 'n oplossing om dié struikelblokke uit die weg te ruim, stel die navorser voor dat NROs gebruik maak van die Organisasie Doeltreffendheidskontrolelys (ODK) om eerstens, struikelblokke te identifiseer wat spesifiek verband hou met hul konteks en organisatoriese opset. Die navorser stel ook voor dat NROs moet fokus op 'n BPH proses om weg te doen met die geïdentifiseerde struikelblokke in 'n doeltreffende poging om organisatories meer effektief te word.

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## **ABBREVIATIONS**

BPR	Business Process Reengineering
CBO	Community Based Organisation
CSO	Civil Society Organisation
GHPS	Good Hope Psychological Services
HIV	Human Immunodeficiency Virus
ICT	Information Communication Technology)
IT	Information Technology
LHR	Lawyers for Human Rights
MIMNOE	Multidimensional and Integrated Model of Nonprofit Organisational Effectiveness
NGO	Nongovernmental Organisation
NPM	New Public Management
ODA	Overseas Development Aid Assistance
OE	Organisational Effectiveness
OEC	Organisational Effectiveness Checklist
PA	Public Administration
PTSD	Post-Traumatic Stress Disorder
TAC	Treatment Action Campaign
TI	Transparency International
TQM	Total Quality Management



USAID	United States Agency for International Development
WHEP	Women's Health and Empowerment Programme
WFP	Women on Farms
WSF	World Social Forum
WTO	World Trade Organisation
QMS	Quality Management System

# **CHAPTER 1: INTRODUCTION**

## **1.1 INTRODUCTION**

South African nongovernmental organisations (NGOs) have always played a very active and developmental role in society with the emergence of democracy in 1994. NGOs increasingly started to become more important as they could initiate developmental projects in areas and spheres the new democratically elected government was still exploring and finding ways to reach. From the middle of the first decade of the new millennium, NGOs were facing new challenges to their existence, such as dwindling resources (financial and otherwise) due to the global financial crisis. With the above-mentioned background, it is important to look at new ways to make NGOs efficient and effective in their operations.

The aim of this research is to explore organisational effectiveness (OE) as a panacea for public good in the context of nongovernmental organisations (NGOs). To initiate this process, this chapter will introduce the research topic and give a brief summary of how the topic was investigated and reported. The chapter starts with a background motivation for the necessity of such a study, followed by a summary of the research methodology employed by the researcher in order to explore and investigate this topic. Finally, it sets out the specific research questions that the researcher endeavoured to answer in conducting this study and concludes with a short explanation of all other chapters.

## **1.2 BACKGROUND AND RATIONALE OF THE STUDY**

Since the advent of democracy in South Africa (1994), civil society organisations (CSOs) and, in particular, NGOs have played a pivotal role regarding social development in South Africa and contributing towards discovering a balance or synergy between social assistance and

developmental initiatives in this post-apartheid environment. This contribution to international/national development comes in the form of both a provider of services to the poor and vulnerable groups, as well as a campaigner for policy change on both national and international levels.

NGOs are very different from organisations managed on the basis of profitmaking or profit maximisation. For-profit organisations have a very clear metric of success, namely annual profit or loss (Walsh & Lenihan, 2006:415), whereas NGOs have different ways of measuring or determining success. According to Walsh and Lenihan (2006:415), the main aim of NGOs are to meet human needs, such as food, clean water, or better health. This means, identifying their bottom line is much more difficult than private sector firms. With this ambiguity in mind concerning the metric of success, coupled with the lack of external pressures to perform that for-profit organisations face, NGOs are typically less effective and efficient (Bradley, Paul & Les, 2003). NGOs can therefore greatly benefit from processes such as business process reengineering (BPR) to become more organisationally effective. BPR involves the redesign of processes, organisations, and their supporting functions in order to achieve radical improvement in time, cost, quality and beneficiaries' regard for the NGO (Petrozzo & Stepper, 1994).

With the above as a background, this study will endeavour to assess the OE of NGOs in enhancing public good in South Africa. An effective organisation's structural features should fit the demands of the environment within which it operates and the technology that it uses (Angle & Perry, 1981:2). These are, however, not the only determinants of organisational effectiveness, as will be shown in the literature review.

### **1.3 LITERATURE SYNOPSIS**

This literature synopsis is based on the discourse surrounding OE, BPR and the role of NGOs in enhancing public good in post-apartheid South Africa. It

looks at defining and explaining concepts that will feature throughout this study, related to the themes mentioned above.

### 1.3.1 NGOs

Various definitions have been advanced to describe NGOs. According to a statement released by the Sixteenth Annual Johns Hopkins International Fellows in Philanthropy Conference in Nairobi, Kenya, a civil society organisation can be defined as follows:

*“Any organisation whether formal or informal, that are not part of the apparatus of government, that do not distribute profits to their directors or operators, that are self-governing, and in which participation is a matter of free choice. Both member-serving and public-serving organisations are included. Embraced within this definition, therefore, are private, not-for-profit health providers, schools, advocacy groups, social service agencies, anti-poverty groups, development agencies, professional associations, community-based organisations, unions, religious bodies, recreation organisations, cultural institutions and many more”*

(GuideStar International, 2015).

NGOs have become an integral part of the development aid sector, controlling about 30% of the total overseas development assistance (ODA) budget (UNDP, 2002). As the most active development agents of civil society, NGOs hold various advantages and disadvantages for government departments or businesses in the private sector. The advantages of NGOs can largely be divided into two categories; namely, legitimacy and effectiveness. Effectiveness, for the purposes of this academic discussion, includes qualities such as grassroots experience, flexibility and mobility (Marschall, 2002). NGOs are considered to be more effective at delivering development aid, as well as to be more responsive and flexible than governments and multilateral agencies in reaction to pressing social and development issues that might be affecting society (Walsh & Lenihan, 2006:412). Most NGOs are driven or motivated by issues the public consider as important. For example, Transparency

International (TI) focuses on issues of corruption and accountability. The independence of NGOs from the private sector interests and government influence gives these organisations high standing in the eyes of the public in terms of uncompromised moral and professional authority.

NGOs have a long and active history in South Africa. It should, however, be mentioned that the relations between NGOs and the state were not a major issue in the struggle for democracy (Greenstein, 2003:11). Political and economic opposition forces during apartheid did not, or could not challenge the prominence and authority of the state, but this radically changed after South Africa became a democratic country in 1994. According to Hearn (2000:815), during the 1990s the North increasingly used political aid or democracy assistance to influence its relations with the South. A substantial portion of this political aid or democracy assistance was channelled through NGOs operating in South Africa in the 1990s.

These organisations have also been able to change citizens' lives at a grassroots level and to affect policy change at a national level. An example of this is the Treatment Action Campaign (TAC), which was able to affect a total turn around in the country's policy on the treatment of HIV/AIDS in the first decade of the new century. In South Africa, NGOs have become more active since the advent of democracy in 1994 and are therefore in a strategic position to help with development and ultimately enhance public good.

### **1.3.2 Organisational Effectiveness (OE)**

The concept of 'organisational effectiveness' has become very popular in organisation management literature. Rojas (2000) observes that organisational effectiveness has been one of the most extensively researched areas since the early development of organisational theory.

According to Quinn and Rohrbaugh (1983:122-123), numerous theorists have stated that organisational effectiveness is an important theme in organisational theory and that it is difficult to conceive a theory of organisations that does not include the concept of effectiveness. Defining the concept of organisational

effectiveness has also been difficult because organisations are by their very nature so different from one another.

There exist different approaches to determine organisational effectiveness. As mentioned above, defining organisational effectiveness for the most part can be very difficult because organisations differ by nature. This also holds true for the assessment or measurement of organisational effectiveness. The concept of OE first emerged over a half century ago. Authors such as Cameron (1984) were one of the first researchers to investigate and develop models that can explain OE. Several models of organisational effectiveness have been developed. According to Cameron (1984), the multiplicity of these models can be explained by the effectiveness construct, or more specifically by its unspecified boundaries, as well as by the various conceptualisations of organisations that result in different models of effectiveness. The models of organisational effectiveness are the following: goals, systems, strategic-constituencies, competing-values, and ineffectiveness. Table 1.1 (page 6) is a summary of these models of organisational effectiveness in terms of conceptualisation of the organisation, main focus and principal advocates.

Table 1.1: Models of Organisational Effectiveness

MODELS OF ORGANISATIONAL EFFECTIVENESS			
Model	Conceptualisation of the Organisation	Main Focus	Principal Advocates
<b>Goal Model</b>	Organisation as a rational set of arrangements, oriented toward achieving goals.	Accomplishment of outcomes (ends).	Etzioni (1960).
<b>Systems Model</b>	Organisation as an open system (input, transformation, output).	Inputs, acquisition of resources and internal processes (means).	Yuchtman and Seashore (1967).
<b>Strategic-Constituencies Model</b>	Organisation as internal and external constituencies that negotiate a complex set of constraints, goals and referents.	Response to the expectations of powerful interest groups that gravitate around the organisation	Connolly, Colon & Deutch (1980).
<b>Competing-Values Model</b>	Organisation as a set of competing values that create multiple conflicting goals.	Three dimensions of competing values: <ul style="list-style-type: none"> <li>• Internal vs. external focus</li> <li>• Control vs. flexibility concern</li> <li>• Ends vs. means concern</li> </ul>	Quinn and Rohrbaugh (1983).
<b>Ineffectiveness Model</b>	Organisation as a set of problems and faults.	Factors that inhibit successful organisational performance.	Cameron (1984).

**Source:** Goodman, Pennings and Associates (1977) and Cameron (1984).

The models build on each other. In other words, every model adds something to the others in order to increase the accuracy of the whole picture (Henri, 2004). According to Robbins (1983), the systems model is described as encompassing the ends-focus of the goal mode, together with the means and environmental actors. The strategic-constituencies model focuses solely on the constituencies that can threaten the survival of the organisation under study. In addition, Henri (2004), describes the competing-values model as being “portrayed as an integrative framework of the previous models”. These models will be used to analyse the organisational effectiveness of the selected case studies. The models, or combination of models used will be determined by the characteristics, strategies, goals, capacities, resources of the selected case studies or NGOs.

### **1.3.3 Business Process Reengineering (BPR)**

The term or concept of business process reengineering (BPR) evolved in the last decade of the previous century. Several authors have put forward definitions for BPR. According to Davenport and Short (1990), BPR can be defined as the analysis and redesign of work flows and processes between and within organisations. Hammer and Champy (1993), on the other hand, have proposed that it could mean the fundamental rethink and redesign of business processes to achieve dramatic improvement in critical, contemporary measures of performance. These measures of performance include cost, quality, service and speed. According to O'Neill and Sohal (1999:574): “While Lowenthal (1994) describes the fundamental rethinking and redesign of operating processes and organisational structure, the focus is on the organisation’s core competencies, to achieve dramatic improvements in organisational performance, as BPR’s essential components”. All definitions suggest that the ultimate goal of BPR is the radical improvement of processes within and organisation.

Undertaking a BPR process can be daunting and time consuming for any organisation. Various reasons can be identified for why an organisation would want to embark on this process. It should, however, also be noted that organisations differ and this means that there is not a set list of reasons why an



organisation may need to embark on a BPR process. O'Neill & Sohal, (1999:574) identify three kinds of organisations that could likely undertake a BPR process:

*“Organisations that find themselves in deep trouble. They have no choice. If an organisation’s costs are an order of magnitude higher than the competition’s or than its operational model will allow, if its customer/beneficiary service is so abysmal that customers/beneficiaries openly rail against it, if its product/service failure rate is higher than the competition’s, if in other words, it needs order-of-magnitude improvement, that organisation clearly needs business reengineering”;*

*“organisations that are not in trouble but whose management can see trouble coming”;*

*“and organisations that are in peak condition and see an opportunity to develop a lead over their competitors.”*

In the literature there exist various tools that organisations can employ in the search for the best BPR application. Table 1.2 (page 9) is a summary of the most widely used BPR tools.

**Table 1.2: Business Process Reengineering Tools**

BPR TOOL	MAIN FOCUS
<b>Process visualisation</b>	While many authors refer to the need to develop an ideal 'end state' for processes to be reengineered, Barrett (1994) suggests that, "the key to successful reengineering lies in the development of a vision of the process".
<b>Process mapping / operational method study</b>	Cypress (1994) suggests that the tools of operational method studies are ideally suited to the reengineering task, but O'Neill, Sohal / Technovation state that these are often neglected. Recent evidence suggests that these concepts have been incorporated into tools such as IDEF0 (integrated definition method), DFD (data flow diagrams), OOA (object-oriented analysis) (Yu & Wright, 1997). Prince2 is also used (process-based project management, see internet reference: Prince2).
<b>Change management</b>	Several authors concentrate on the need to take account of the human side of reengineering, in particular the management of organisational change. Some authors suggest that the management of change is the largest task in reengineering. On the other hand, the human element of reengineering is perceived as a threat due to the effect it has on work methods and jobs.
<b>Benchmarking</b>	Several authors suggest that benchmarking forms an integral part of reengineering, since it allows the visualisation and development of processes that are known to be in operation in other organisations
<b>Process and customer focus</b>	The primary aim of BPR, according to some authors, is to redesign processes with regard to improving performance from the customer's perspective. This provides a strong link with the process improvement methodologies suggested by authors from the quality field. In some cases, the terminology is almost identical to that used by quality practitioners in the improvement of processes. The major difference, as outlined earlier, appears to be one of scale.

**Source:** O'Neill and Sohal (1999:574-575)

Few authors on this topic refer to the use of a single tool. Most incorporate a combination of these. The combination of tools will largely depend on the application, whether it be hard (technological), as suggested by Teng, Grover and Fielder (1994) or soft (people management), suggested by Mumford and Beekma (1994). In conclusion, BPR can be seen to represent a range of activities concerned with the enhancement or improvement of processes within an organisation (O'Neill & Sohal, 1999:575). NGOs, as public organisations, are increasingly finding it difficult to meet the demands of a better educated

populace in a fast changing social environment (Thong, Yap & Seah, 2000:246). NGOs can therefore greatly benefit from BPR processes to better accomplish their goals and objectives.

#### **1.4 RESEARCH PROBLEM AND STUDY OBJECTIVES**

The main aim of this study is to analyse the OE of NGOs in achieving their stated objectives and ultimately enhancing public good.

The study objectives can be listed as follows:

- Use conceptual and theoretical approaches of organisational effectiveness to empirically analyse and examine the current state of NGOs in South Africa.
- Understand and implement business process reengineering at selected NGOs to positively impact on organisational effectiveness.
- Critique the internal and external factors that might inhibit NGOs from being effective as stated by the five (5) models of organisational effectiveness.
- Recommend possible changes to the current organisational and structural realities of civil society organisations in an effort to enhance or contribute to organisational effectiveness.

#### **1.5 RESEARCH DESIGN AND METHODOLOGY**

The study conducted was both empirical and non-empirical in nature. The unit of analysis is case studies in the form of two NGOs, namely Good Hope Psychological Services (GHPS) and Women on Farms (WFP).

The two cases selected were NGOs that operate in the Stellenbosch region of South Africa. Below follows a short description of the two NGOs (Both cases will be described in more detail in Chapter 4).

### *Good Hope Psychological Services (GHPS)*

GHPS is an NGO operating in the Cape Winelands region of South Africa. GHPS offers free psychological therapy and counselling to individuals and families who is not able to access these services from the private or the governmental sectors. The impediment to access can be ascribed to various factors.

### *Women on Farms (WFP)*

WFP is an NGO that operates in the Western Cape and Northern Cape provinces of South Arica. WFP's main aim is to strengthen the capacity of women who work and live on farms, in mostly rural areas, to understand and claim their rights and to fulfil their needs. WFP primarily work towards achieving this aim through socio-economic and rights-based gender education, advocacy, lobbying, case work and support for the building of social movements of women on farms.

As mentioned above, these two cases will be discussed in more detail in Chapter 4.

There are some challenges that the researcher needs to take into account when adopting a research design of this nature. According to Mouton (2001:151), the limitations in terms of this research design include the following: lack of generalisability of results, non-standardisation of the measurement, and data collection and analysis can be time consuming. The potential also exists for the researcher to become biased. The selection of case studies will be done in terms of theoretical or judgment sampling.

No hypothesis will be formulated. Instead, some or certain premises or 'expectations' will guide the research. The research design also has its strengths, including the following: in-depth insights, establishing rapport with the research participants, and high construct validity. Primary and existing data of a textual nature are analysed. Conclusions are drawn from existing data in the form of reports, policy documents, programme outlines, vision and mission

statements, as well as legislation. Data was also collected from structured interviews conducted with individuals within the selected NGOs.

The five (5) models of organisational effectiveness (as outlined in the literature review) are used as a critical tool to analyse collected data and to draw conclusions about the organisational effectiveness of the selected case studies or NGOs. Data was be collected through self-completion questionnaires as well as documents such as annual reports and programme statements that was received from the NGOs. The information received was analysed by grouping all the information into various subsections. This provided the researcher with critical aspects concerning the functioning and ultimately the effectiveness of the selected NGO in the achievement of their stated goals and objectives.

## **1.6 CHAPTER OUTLINE**

The framework of the study, outlined in terms of the specific chapters, is set out below.

*Chapter One* introduces the thesis and provides the rationale for the study. This chapter presents the research aims and objectives.

*Chapter Two* is dedicated to a comprehensive literature review in description of the discourse surrounding NGOs (refer to Section 1.3.1), as well as the legal context in which NGOs operate in South Africa.

*Chapter Three* is dedicated to a comprehensive literature review in description of the discourse surrounding the key themes (OE and BPR) mentioned in the literature review synopsis (refer to Section 1.3).

*Chapter Four* will give an in-depth and detailed explanation of the research methodology upon which this study is based. It will also describe and contextualise the two selected case studies (NGOs), namely, Good Hope Psychological Services (GHPS) and Women on Farms (WFP). This chapter will

also presents the research results, as well as an explanation of those results in the form of a SWOT analysis.

*Chapter Five* gives a brief summary of the study. It presents a model for OE in the NGO and gives practical recommendations in the form of BPR and the Organisational Effectiveness Checklist (OEC) improve OE in the NGO sector.

## **1.7 CONCLUSION**

This chapter primarily presented information on the importance and need for this study. It clearly showed the background and rationale, study objectives, and research methodology employed. It served as an introductory chapter to the study and gave clear direction as to how the investigation of the research problem has been undertaken. This chapter also introduced the case studies. It also gave direction as to how the findings have been analysed and interpreted. Chapter 2 will present the literature and legal frameworks on NGOs in South Africa.

## **CHAPTER 2: UNDERSTANDING NONGOVERNMENTAL ORGANISATIONS**

### **2.1 INTRODUCTION**

Civil society has been an integral part of all countries around the world. As part of the development project, civil society organisations have been very instrumental. NGOs have been particularly important in poverty relief and development, especially in emerging economies. These organisations have been able to reach where governments are not able to facilitate development. In recent turbulent times, where donor funding is not as readily available as in the past due to various reasons, NGOs have been forced to look at their organisational effectiveness. This chapter endeavours to give an in-depth look at the academic literature and legislative frameworks that explain and govern the operations of civil society organisations and, in particular, nongovernmental organisations as the main focus of this study.

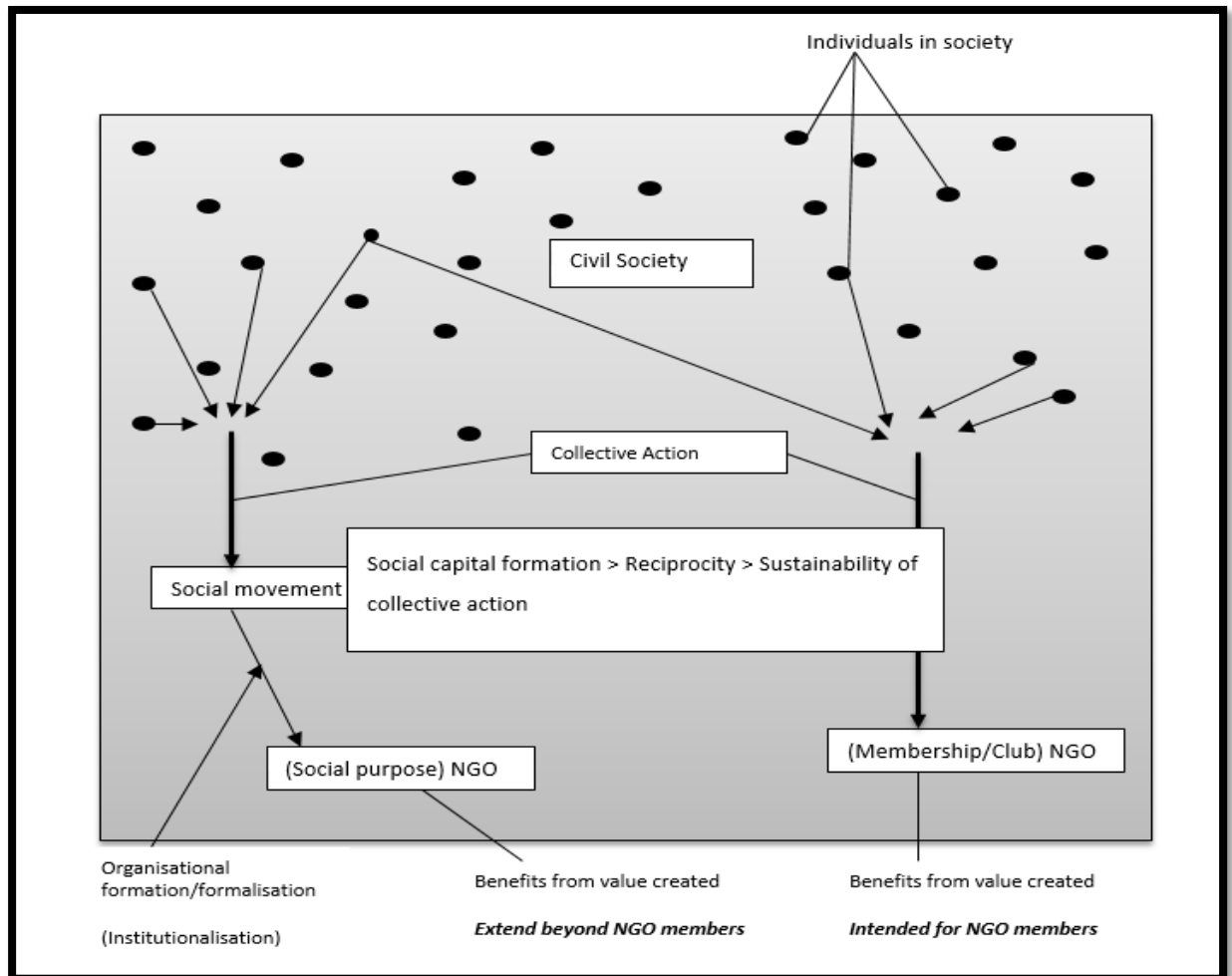
### **2.2 CIVIL SOCIETY: DEFINITIONS OF KEY CONCEPTS**

To fully understand the roles, functions and contexts in which nongovernmental organisations operate, it is important to define and conceptualise all facets that make up these organisations.

#### **2.2.1 Civil Society**

Civil society plays an important role in South African society, increasingly so after the country's first democratic elections in 1994. As a broad term, civil society can be referred to as the nongovernmental or, more broadly, non-profit sector (Teegen, Doh & Vachani, 2004:463). This 'third sector' refers to all facets of society that can be found on the outside of the public and private sectors (Pharr, 2003). On the other hand, it can also be defined as "an area of association and action independent of the state and market in which citizens

can organise to pursue purposes that are important to them, individually and collectively" (Brown, Khagram, Moore & Frumkin, 2000:275). Civil society can be subdivided into different sub-organisations, such as community-based organisations (CBOs) and NGOs, of which the latter is the focus of this study. Figure 2.1 provides a graphical representation of the different facets of civil society. It also illustrates how NGOs fit into broader civil society.



**Figure 2.1: Civil Society and All its Facets**

Source: Teegen, *et al.* (2004:464).

## 2.2.2 Collective Action

The main motivator behind CSOs, especially NGOs, is collective action (see Figure 2.1). Collective action, as illustrated by Figure 2.1, spurs individuals to



form organisations, associations and collectives to promote or fight for a certain cause or issue. As noted by Florini (2003) and Seligman (1992), people have always found it beneficial to associate with one another in a myriad of ways. This association usually happened along kinship lines but, in recent times, it is based on intellectual sentiments, ideologies and shared moral values. According to Whitley (1999:94), Individuals have the choice to join any group or grouping in society that represent their interests. Individuals will form groups in order to compete for the control over socially accepted and valued activities, as well as resources.

Participation in collective action is mostly motivated by a shared desirable outcome or objective that will be beneficial for all individuals that participated in the collective action from the start. According to Perez-Diaz (1998:2013), people that participate in collective action do so to change or shape social realities and the prevailing or present political situation, furthering public debates around concerns that affect all citizens. In this context, collective action mostly happens against a background of marginalisation or neglect of certain groupings within society at the hand of political and social institutions. Collective action in the form of NGOs therefore allows individuals to gain bargaining or political power.

## **2.3 NONGOVERNMENTAL ORGANISATIONS: DEFINING KEY CONCEPTS**

Section 2.3 endeavours to define key concepts relating to NGOs. It will explain the linear process that ultimately leads to the formation of a stand-alone NGO.

### **2.3.1 Social Movements**

NGOs operate throughout South Africa, working in a myriad of conditions and terrains. These conditions and terrains can include anything from environmental protection, housing, healthcare to the promotion of equality. To understand the definition of NGOs, one needs to understand the meaning and

role of social movements (see Figure 2.1). According to Teegen, *et al.* (2004:465), the moment collective action of a group of individuals is sustained over time in a way that mirrors an important emerging social change, it is defined as a social movement. When ordinary citizens in any society lose confidence or trust in state and private institutions that they rely on for the protection of their interests and well-being, it leads to the establishment of creation of social movements that are outward looking and bridging (Putnam, 2002:11).

### **2.3.2 Nongovernmental Organisations**

NGOs are therefore born out of social movements. According to Teegen, *et al.* (2004:465), the moment the interests of a social movement evolve in such a way to form a stand-alone presence within the broader society, an NGO is formed. Davids and Theron (2014:63) give a clear and concise definition born out of grassroots development. They state that NGOs are self-governing, not-for-profit, private organisations that are mainly focussing on the promotion of people-centred development. The United Nations (Martens, 2003) refers to NGOs as “private, not-for-profit organisations that aim to serve particular societal interests by focussing advocacy and/or operational efforts on social, political and economic goals, including equity, education, health, environmental protection and human rights”. From these definitions it is clear that NGOs can serve a variety of functions and can work in a diverse field of interest and needs.

### **2.3.3 Functions and Roles of NGOs**

In the South African context, NGOs can be particularly effective in the development landscape. The specific characteristics or fit-for-purpose features NGOs possess make them suitable to tackle issues or problems that are difficult to deal with for the government or private sector. According to Davids and Theron (2014:65), NGOs are instrumental in the development of South Africa because they have characteristics that make them more suitable than public and private institutions for the furthering of grassroots or micro-level development.

### 2.3.4 Advocacy NGOs

NGOs can play an active, and sometimes persistent, advocacy role. They can highlight the needs and issues of those groups in society that are not readily heard or incorporated into formal governance structures within society. An example of such an advocacy NGO in South Africa would be the Treatment Action Campaign (TAC) that actively advocated for universal access to life-saving antiretroviral medicines for people infected with HIV and AIDS. Advocacy NGOs can work to influence key decision-makers to serve the needs of otherwise marginalised or dormant actors (Teegen, *et al.*, 2004:467). NGOs are perfectly positioned to fully understand the needs and interests of the groups they represent and serve, especially when the government and market mechanisms ignore or are incapable of addressing the needs and interests of these groups (Stromquist, 1998; Korten, 1990). Advocating for the needs and interests of the marginalised is not the only function that NGOs have in any society. Some of the most important work NGOs have done comes from their operational activities.

### 2.3.5 Operational NGOs

As mentioned previously, NGOs' characteristics and features make them adept in the provisioning and sourcing of certain goods and delivery of services because they have gained the necessary technical know-how and experience from working and operating in difficult contexts. According to Leonard (2002), given this know-how, experience and trusted position, NGOs are often best equipped and suited to provide high-quality services to the marginalised and underrepresented in society. Due to their operational adaptability, NGOs can span their focus narrowly or widely, as the situation requires. According to Teegen, *et al.* (2004:469), this allows NGOs to effectively respond to the needs of certain segments of society, or expand operations across national borders. Examples of such NGOs include Medecins Sans Frontieres (Doctors Without Borders) that give medical assistance to affected populations in conflict zones around the world. The South African Gift of the Givers Foundation lends

humanitarian assistance to affected populations in conflict zones and in times of environmental disasters.

### **2.3.6 Hybrid and Integrated NGOs**

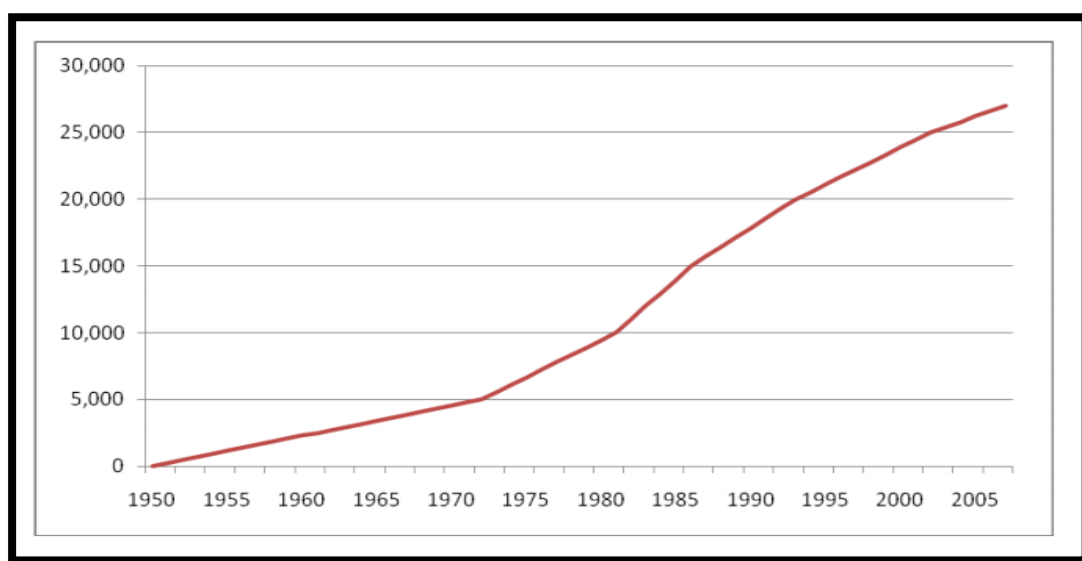
It should also be noted that advocacy and operational are not the only types of NGOs that can be identified. Some NGOs prefer to perform both activities (advocacy and operations) at the same time, or evolve from one activity to the other. Rapid and extreme changes in the context in which NGOs work can necessitate such a change or transformation. NGOs that work in this way are called hybrid or integrated NGOs (Teegen, *et al.*, 2004:469). Kolk and Van Tulder (2001), Christmann and Taylor (2002), and Doh and Guay (2004) note that NGOs are increasingly integrating operational and advocacy efforts in the area of the establishment of codes of conduct for governments and the private sector. By doing this, NGOs are actively helping to govern the activities and operations of governments and private firms. As noted by Ghemawat and Vachani (2002), by fulfilling the role of both insiders and outsiders, NGOs have altered the way in which government and private firms go about their operations and activities.

## **2.4 THE GLOBAL RISE OF NGOS**

NGOs were not always as prevalent in society as they have been in recent times. The number of NGOs rose in accordance with the proliferation of broad, citizen-driven social movements. As an example, Teegen, *et al.* (2004:469) points to the establishment of the World Social Forum (WSF) at the same time as violent protests broke out at the World Trade Organisation's (WTO) meetings in Seattle in 2000, as well as the on-going protests that happen annually at the World Economic Forum's (WEF) meetings. The formation of WSF shows that society does want alternatives to the established institutions. Groups or groupings in society are also willing and able to create these alternative organisations. According to Spar and La Mure (2003), there was an absolute proliferation of NGOs, although definitions of NGOs might vary depending on

the context. The Organisation for Economic Cooperation and Development (OECD) highlights an increase from 1 600 to 2 500 NGOs within the boundaries of its member states in the decade of 1980-1990 (Van Tuijl, 1999).

Figure 2.2 is a graphical representation of the rise in the number of NGOs internationally from 1950 to 2005. The vertical axis represents the number of NGOs, while the horizontal axis represents the time period in years. It clearly shows a dramatic increase in the number of NGOs the world over. This can be attributed to the liberalisation of fundraising and donor laws.



**Figure 2.2: The Rise in the Number of NGOs Internationally (1950-2005)**  
**Source:** Kim (2011:14).

It should also be noted that NGOs vary in size: some are small and local, while others are large, multinational organisations that have large budgets and employ thousands of people. The rise in the number of NGOs can also be attributed to the acceleration of globalisation in the late 1990s and early 2000s. The acceleration is described by Teegen, *et al.* (2004:490) as follows: “This acceleration has been facilitated by important technological advances in transnational communications, transport, and travel that permit and/or require otherwise disconnected individuals, organisations, states, and institutions to associate, compete, engage, and interact”. Another reason for the rise in the

number of NGOs is the increasing availability of donor funding. This can have varying effects and consequences on NGOs.

## **2.5 THE CHALLENGE TO NGO VIABILITY AND EFFICACY**

NGOs face different challenges to their viability and efficacy than private firms or elected governments. This could partly be explained by the difference in accountability frameworks that are followed by these bodies (refer to Section 2.7). Private firms are accountable to their shareholders and owners, elected governments are accountable to their citizens, and NGOs are accountable to diverse principals; namely, donors, beneficiaries, individual members, and staff (Hayden, 2002; Florini, 2003). NGO activities and operations may be affected due to the divergence of principals' needs and preferences. According to Teegen, *et al.* (2004:471), NGO principals vary in terms of the influence they have within its internal structures, as well as the criticism that can lead from this and which can eventually lead to the NGO 'capture' by certain constituents at the expense of others. Certain governments also restrict the activities of NGOs and this holds very serious implications for the operations of these NGOs (Hsia & White, 2002; Wiktorowicz, 2002).

### **2.5.1 The Relationship between the Rise of NGOs and New Public Management (NPM)**

From Public Administration (PA) to NPM, there has been a vibrant evolution in thinking when it comes to public development issues. Denhardt and Denhardt (2000:552) note that not all important and substantial developments can be subsumed under the banner of NPM. They also note that a third alternative based on intellectual developments in PA can be identified, namely, New Public Service (Denhardt & Denhardt, 2000:552). Table 2.1 (page 22) provides a synopsis of the differences between PA, NPM and New Public Service.

**Table 2.1: Comparing Perspectives: Old Public Administration, New Public Management and New Public Service**

	Old Public Administration	New Public Management	New Public Service
Primary theoretical and epistemological foundations	Political theory, social and political commentary augmented by naive social science	Economic theory, more sophisticated dialogue based on positivist social science	Democratic theory, varied approaches to knowledge including positive, interpretive, critical, and postmodern
Prevailing rationality and associated models of human behavior	Synoptic rationality, "administrative man"	Technical and economic rationality, "economic man," or the self-interested decision maker	Strategic rationality, multiple tests of rationality (political, economic, organizational)
Conception of the public interest	Politically defined and expressed in law	Represents the aggregation of individual interests	Result of a dialogue about shared values
To whom are public servants responsive?	Clients and constituents	Customers	Citizens
Role of government	Rowing (designing and implementing policies focusing on a single, politically defined objective)	Steering (acting as a catalyst to unleash market forces)	Serving (negotiating and brokering interests among citizens and community groups, creating shared values)
Mechanisms for achieving policy objectives	Administering programs through existing government agencies	Creating mechanisms and incentive structures to achieve policy objectives through private and nonprofit agencies	Building coalitions of public, nonprofit, and private agencies to meet mutually agreed upon needs
Approach to accountability	Hierarchical—administrators are responsible to democratically elected political leaders	Market-driven—the accumulation of self-interests will result in outcomes desired by broad groups of citizens (or customers)	Multifaceted—public servants must attend to law, community values, political norms, professional standards, and citizen interests
Administrative discretion	Limited discretion allowed administrative officials	Wide latitude to meet entrepreneurial goals	Discretion needed but constrained and accountable
Assumed organizational structure	Bureaucratic organizations marked by top-down authority within agencies and control or regulation of clients	Decentralized public organizations with primary control remaining within the agency	Collaborative structures with leadership shared internally and externally
Assumed motivational basis of public servants and administrators	Pay and benefits, civil-service protections	Entrepreneurial spirit, ideological desire to reduce size of government	Public service, desire to contribute to society.

**Source:** Denhardt and Denhardt (2000:554)

### 2.5.2 Democratic Citizenship

Recent social and political theories have highlighted concerns about citizenship and both have called for this to be active and more invigorated. According to Sandel (1996), the existing model that represents the relationship between the state and its citizens is based on the idea that the primary role of governments is to make sure that citizens can make choices consistent with their self-interest. Sandel (1996) also offers an alternative view of democratic citizenship, one in which citizens are much more actively involved in governance.



### **2.5.3 Community and Civil Society**

There has been an increased interest in community and civility matters at a societal level. Due to an increase in diversity, this new increased interest in community can be seen as a way of bringing about unity and synthesis (Denhardt & Denhardt, 2000:552). “In public administration, the quest for community has been reflected in the view that the role of government, especially local government, is indeed to help create and support ‘community’” (Denhardt & Denhardt, 2000:552). The active participation of citizens in the development of the communities that they live in is very important. According to Putnam (1995), development and the elevation of democracy is dependent on the existence of engaged citizens that are active in all sorts of groups, governmental units and associations.

### **2.5.4 Organisational Humanism and Discourse**

From development and organisational literature it can be derived that hierarchical approaches to social organisation and positivist approaches to social science are mutually reinforcing (Denhardt & Denhardt, 2000:553). While there might be differences between postmodern theorists, they do agree that we depend on each other in a postmodern world and, therefore, when it comes to development good governance must be based on a process of open discourse amongst all stakeholders, including citizens and governments. According to Denhardt and Denhardt (2000:553), postmodern PA theorists are sceptical of traditional approaches to PA, in other words, there seems to be a consensus that enhanced public dialogue is necessary to rejuvenate public bureaucracy and restore a notion of legitimacy to the field of PA. This creates an opportunity to reconceptualise PA, in order to build a New Public Service. NGOs and the broader civil society are perfectly positioned to participate in a New Public Service.



## **2.6 NGO FUNDING**

NGOs need resources in various forms in order to operate efficiently and effectively. Below is a list of different types of donors that may supply NGOs with resources.

### **2.6.1 NGOs and Donor Funding**

Just like any other organisation, NGOs need resources in the form of finance, skills (human resources), and physical infrastructure to effectively operate and serve beneficiaries. According to Werker and Ahmed (2008:77), “Nongovernmental organisations are largely staffed by altruistic employees and volunteers working towards ideological, rather than financial, ends. They are funded by donors, many of them poor or anonymous”. Donors have a greater influence on the operations of NGOs than their beneficiaries that receive their assistance or services.

### **2.6.2 National Governments as Donors**

NGOs can be funded by a wide variety of individuals or groups, but the single biggest financial contributor is usually the national governments in all states. Werker and Ahmed (2008:78) observe that, in 2004, official aid from national governments amounted to \$7.7 billion, with an astonishing \$19.7 billion coming from the United States of America (USA) alone. Governments may choose to channel official funds through the operations of NGOs for various reasons and benefits. For example, NGOs may be able to reach beneficiaries or groups in need much faster and more effectively than governmental institutions or agencies. According to USAID (2006), a remarkable amount of official aid flowed through NGOs in the USA as “nearly 15 percent of official and economic aid was channelled through NGOs”. Another substantial portion (18%) of official USA aid was channelled through intergovernmental institutions (Werker & Ahmed, 2008:78). These institutions and agencies in turn reroute this funding through more NGOs. This clearly shows the importance of NGOs in distributing aid in situations or contexts where national governments or their operating agencies can't, or are unwilling to, solve beneficiary problems.

### **2.6.3 Private Donors**

NGOs not only receive funding from national governments, but also from private sources. From poor individuals that donate as a collective to fund the operations of NGOs, to wealthy philanthropists and large multinational companies, the sources of private funding can be varied. It should, however, be noted that private funding sources amount to not nearly as much as the funding from national governments for NGOs. According to the Foundation Center (2006), Exxon Mobil, which is a large multinational company with profits totalling more than \$36 billion in 2005, donated only \$52 million to the NGO sector; and the financial giant, Citigroup, only \$28 million.

Philanthropic organisations also do not compare favourably with the donations made by national governments. However, these organisations do have an important role to play as they can make a difference in funding new, innovative and creative ideas, rather than funding the traditional solutions favoured by national governments (Werker & Ahmed, 2008:78). Donors also have considerable power over NGOs as they can hold NGOs accountable for the financial resources received. This introduces a new dilemma in the management and accountability structure of NGOs; namely, to who are NGOs accountable, their beneficiaries or donors?

### **2.6.4 Competitive Advantage**

It should also be noted that, same as NGOs, private sector firms undertake development activities. This puts private sector firms in direct competition with NGOs for government contracts. According to Werker and Ahmed (2008:80), some private sector firms provide services such as infrastructure firms, consulting houses and logistics operators, while other for-profit firms focus on carrying out foreign aid contracts from donor nations. It is therefore not uncommon for NGOs and private sector firms to bid for the same contracts from aid agencies such as USAID (Werker & Ahmed, 2008:80). Private sector firms have a competitive advantage in winning development aid contracts that involve heavy infrastructure, while NGOs have the competitive advantage when it

comes to better connection and presence at grassroots level. Aid from donor countries are increasingly being channelled through NGOs and private sector firms. Fisher (1997:444) explains this further: “yet the same logic remains: in many countries, bilateral aid agencies are worried that the residual claimant on government activities is not the taxpayer, but rather corrupt politicians. In many instances, they prefer to contract to a ‘trustworthy’ Western aid agency to bypass the potential misuse of development assistance. In particular, NGOs are frequently the preferred method of aid delivery in weak states, where the scruples of government can be weak”.

## **2.7 NGO ACCOUNTABILITY**

The fact that NGOs are independent bodies apart from governments and private firms, does not mean that they are not obliged to follow a certain accountability regime or framework. This section will detail the difference between NGO accountability frameworks in developed (Global North) and developing (Global South) countries. It will also discuss the concept of self-regulation in the NGO sector.

### **2.7.1 Accountability Frameworks in the Global North**

Accountability and transparency are very important and central concepts in public development management. Choudhury and Ahmed (2002:568) underscore the fact that accountability serves as a central resource, as well as a legal and moral imperative for the improvement of the link between the NGO and the sometimes multifaceted and complex environment in which it operates.

*“Accountability includes much more than just the formal processes and channels for reporting to a higher authority. Instead, the term accountability generally refers to a wide spectrum of public expectations dealing with organizational performance, responsiveness, and even morality of government and non-profit organizations. These expectations often include implicit performance criteria – related to obligations and*

*responsibilities – that are subjectively interpreted and sometimes even contradictory. And in this broad conception of accountability, the range of people and institutions to whom public and non-profit organizations must account includes not only higher authorities in the institutional chain of command but also the general public, the news media, peer agencies, donors, and many other stakeholders”.*

Kearns (1996:9)

From this quote it is clear that accountability is not as clear-cut in all instances or contexts. Ensuring and determining accountability in the NGO sector is especially complex as NGOs could have multiple donors and diverse beneficiary profiles, depending on the country context within which the NGO operates. For example, the developed or developing south will also have an impact on the establishment of an accountability framework. Working within the confines of Romzeck and Dubnick’s (1987) four (4) competing dimensions of accountability (i.e. hierarchical, legal, professional and political), Kearns (1996:29) developed a system of multiple accountability comprising of four (4) accountability environments; namely, compliance, negotiate, professionalism (discretionary) and anticipatory. These accountability environments are defined in the following subsections.

#### *Compliance accountability*

Regulations and legislation are very important tools/mechanisms to ensure accountability and compliance in the NGO sector. According to Choudhury and Ahmed (2002:569), “Compliance is ensured through a variety of formal or standardized methods: the denial of operating license or tax status, revocation of grants, submission of annual reports to oversight agencies, conducting and submitting independent audits, and establishing internal rules and operational procedures to fit governance requirements”. It is essential that financial resources are consistent with the goals and objectives that NGOs have set for themselves.

*Negotiated accountability*

In the NGO sector, accountability can mean different things to different parties, i.e. the NGOs themselves, donors and beneficiaries. It should be understood that accountability will remain implicit and contested, and is subject to change depending on the changes in beliefs, societal norms, political trends and public sentiments (Choudhury & Ahmed, 2002:570).

*Professional accountability*

According to Choudhury and Ahmed (2002:570), professional accountability is contextualised in terms of the societal expectations of entrepreneurial initiative. In terms of NGOs, this equates to effective internal governance, reporting and professional networking.

*Anticipatory accountability*

Accountability is created through the implementation of legislative or administrative mechanisms. Anticipatory accountability is created when NGOs develop shared processes of monitoring legislative and regulatory authorities and educate their stakeholders (donors or beneficiaries) to pre-empt events and eventualities that might lead to the imposition of inappropriate standards (Choudhury & Ahmed, 2002:571). Anticipatory accountability is useful in the sense that it highlights the claim that NGOs can actively manage their accountability. Through this, an NGO can actively maintain its legitimacy under volatile and ever-changing conditions.

**2.7.2 Accountability Framework of NGOs in the Global South**

As noted before, NGOs are increasingly being seen as legitimate members of the national and global policy community (Henderson, 1999), and they are also increasingly valued as a complementary form of governance (Uvin, Jain & Brown, 2000). NGOs in the global South operate against a background or context where the governance regime is not as developed as in the global North. This brings its own set of challenges and implications for NGOs.

International donor agencies increasingly fund NGOs in the global South. According to Edwards (1999), being held accountable by outside international agencies for service delivery according to a goal or target set in contract is completely different from being held accountable by the broader processes of democratisation and social change. According to Choudhury and Ahmed (2002:574), there exists conflict in some instances between the accountability framework governments and beneficiaries use in comparison to donors. Edwards and Hulme (1995:8) also points to this contradiction in terms of accountability for NGOs in the global South as follows: "... the weak accountability of NGOs relate to the difficulties in prioritizing and reconciling multiple accountabilities. For example, accountability to funders and regulators signifies a different priority in the ordering of values compared to their accountability to the beneficiaries or the community. They report that, in the downward dimension, functional accountability remains 'low' while strategic accountability is 'nil'; while in the upward dimension, functional accountability remains 'high,' while strategic accountability is 'medium to low'". It is thus clear that NGOs in the global South operate in an environment that is sometimes uncertain in terms of accountability. This creates difficulties for the effective operations of NGOs. The over-dependence on external funding and compliance with targets set by donor agencies for NGOs in the global South raises questions about whether their accountability lies with the beneficiaries or with the donor agencies (Kamat, 2002:66).

### **2.7.3 Self-Regulation**

Self-regulation is an important part of the management and governance of an NGO. This section will discuss the concepts of self-regulation and how it relates to the South African NGO sector.

#### *The emergence of self-regulation*

As mentioned throughout sections 2.7.1 and 2.7.2, accountability and transparency activities are very important when it comes to the management of NGOs. Self-regulation is especially important when the accountability and

transparency of NGOs are discussed. On national and international levels, self-regulation is an emerging trend in the management and governance of social and economic activity (RSA, 2009:57). One of the main reasons for this newfound importance of self-regulation is the fact that, especially in developing countries, NGOs have become important service delivery agents, mainly through government contracts, public private partnerships and donor funding. Another reason is the fact that governments have experienced a significant decline in regulatory capacity (Gugerty, 2007:2). This means governments have reduced oversight capacity when it comes to the operations of NGOs.

### *NGO relations*

As the focus on NGO governance issues developed, there was also greater interest in areas such as NGO business relations, NGO government relations, public private partnerships, as well as the internal issues and/or challenges that NGOs face and how these affect finance and sustainability in the broader NGO sector (RSA, 2009:57). According to Lloyd (2005:5), NGO self-regulation can be understood at the structural level as emerging from the same governance and structural changes that led to the increased importance of self-regulation in the private sector.

### *Self-regulation in South Africa*

In the African and, more specifically, South African context, the emphasis placed on NGO self-regulation emerged from the juxtaposition of two important forces; namely, the rapid growth of concern raised at government level that funding for NGO operations could have the potential to crowd out public services, and the increasing dependence on NGOs to implement public service delivery (RSA, 2009:57).

### *Self-regulation and public trust*

In terms of the discussion around good governance practices, various developments and factors are driving efforts and initiatives around self-regulation in the NGO sector. It is important to note that this form of regulation

is needed otherwise confidence in the NGO sector will diminish. According to RSA (2009:50), confidence can be lost due to the abuse of funds and the phenomenon of fly-by-night NGOs and briefcase NGOs, also known as BRINGOS. Self-regulation will fundamentally ensure that there is accountability to donors and the beneficiaries that receive services from NGOs. Self-regulation primarily ensures that NGOs retain confidence and public trust (RSA, 2009:50). This is the cornerstone of NGO existence, image and relationships.

### *Codes of conduct*

Another interesting observation is that codes of conduct signed by NGOs have had no marked improvement on the accountability of NGOs (RSA, 2009:58). This is due to the fact that most codes of conduct are aspirational and basically lack enforcement and compliance mechanisms. Fundamentally, a supporting institutional structure is needed to ensure that NGOs comply with the codes of conduct that they have signed.

From the discussion above it is evident that self-regulation is a very important part of the NGO sector. It ensures good internal governance practices, as well as confidence in the activities of NGOs. Self-regulation is therefore an important mechanism when it comes to the accountability of NGOs.

## **2.8 THE LEGAL FRAMEWORKS**

NGOs, like other organisations in South Africa, needs to operate within the confines of the law. This section will discuss the legal frameworks that govern NGOs in South Africa. It will give an historical overview in terms of a discussion of the apartheid era Fundraising Act (No. 107 of 1978), as well as a discussion on the Nonprofit Organisations Act (No. 71 of 1997) that presently govern the formation and operations of NGOs.



### 2.8.1 Historical Realities

The advent of democracy in South Africa in 1994 also heralded a new beginning for NGOs. There was a fundamental shift or transition in the environment and frameworks in which NGOs operate. Looking to the country's apartheid past, this era was characterised by deficiencies in the legislative frameworks, such as a mandatory registration in order to enable fundraising activities (ICNL, 2004:1). The apartheid era Fundraising Act (No. 107 of 1978) was particularly responsible for these deficiencies. With the adoption of South Africa's new constitution on 4 February 1997, NGOs had to adapt to a new legislative environment. Since 1997, various pieces of legislation (acts) were promulgated that have a direct influence on the operations and management of NGOs. The most important piece of legislation that governs the activities of NGOs in South Africa after 1994 is the Nonprofit Organisations Act (No. 71 of 1997). The Nonprofit Organisations Act effectively repealed the Fundraising Act, "which was used by the apartheid government to suppress the fundraising activities of some organisations" (ICNL, 2013:1). As mentioned above, various other pieces of legislation that have a direct influence on the operations and management of NGOs in South Africa were enacted in conjunction with the Nonprofit Organisations Act. These pieces of legislation will be discussed extensively in this chapter.

### 2.8.2 Deficiencies of the Fundraising Act (No. 107 of 1978)

The Fundraising Act was designed and enacted to present obstacles and stumbling blocks for NGOs that operated in the apartheid state. INCL (2004) explains further:

*"The apartheid era was characterised by major deficiencies in the legislative framework applicable to non-profits such as mandatory registration in order to fundraise and tax benefits which were very limited and which very few NGOs qualified for and the failure to recognise the legal existence of associations whose objectives were declared unlawful by the State" (ICNL 2004:1).*

### 2.8.3 The Constitutional Context

South Africa's first democratic elections on 27 April 1994 led to the formal adoption of the new Constitution on 4 February 1997. The new Constitution brought a myriad of changes that had societal effects on a very large scale. According to ICNL (2004:2): "The Constitution, inter alia, provides for the following: a common citizenship for all South Africans; the creation of a sovereign and democratic constitutional state; a Parliament consisting of a National Assembly and a National Council of Provinces (representing the provinces at the national legislative level); nine provinces with defined legislative and executive powers; and an independent judiciary. Most significantly, the Constitution includes a Bill of Rights which enshrines the fundamental rights enjoyed by all persons and groups". These fundamental rights cover equality, privacy, property, freedom of expression and freedom of association as well as a number of socio-economic rights, for example, the rights to housing and education. The Constitution binds private persons as well as the State".

The Constitution (Act 108 of 1996, as amended) provides for the right of freedom of association and explicitly guarantees the right to establish, to join and to participate in the activities of any association or organisation that is of great significance to civil society in South Africa. This gives individuals the freedom to associate with others or groupings in order to achieve a common goal or objective. It should, however, also be noted that the Constitution may in principle not prevent the establishment of associations or organisations (De Waal, 2000:345). The Constitution of South Africa therefore provides for the establishment of NGOs and other civil society organisations. "The South African non-profit sector plays a significant role helping the South African government fulfil its constitutional mandate" (Wyngaard 2013:2). The Constitution's Bill of Rights has entrenched a number of socio-economic rights that NGOs can help to broaden and make accessible to the broader South African society.

The new South African Constitution is always described as the supreme law of the country. Various provisions and clauses in the Constitution make the

operation of NGOs possible. These provisions and clauses create an enabling and supportive environment that leads to a flourishing NGO sector. All of these provisions and clauses were taken from Chapter 2 of the Constitution, this chapter is also known as the Bill of Rights (also see Section 2.8.6).

#### **2.8.4 The Nonprofit Organisations Act (No. 71 of 1997)**

The Nonprofit Organisations Act was the result of lengthy policy and legal reform processes in which civil society organisations and the state negotiated and made compromises in order to create a new and supportive environment in which NGOs can flourish and operate. The Nonprofit Organisations Act was formally enacted on 1 September 1998. As mentioned above, the Act was developed in an effort to do away with the apartheid era Fundraising Act and generally to establish an environment in which NGOs can operate. According to Wyngaard (2013:3), the main aim of the Act is to provide a supportive regulatory system for smaller emerging organisations. This is a major ideological shift from the apartheid era where legislation (primarily the Fundraising Act) was used to stifle the development of NGOs that might pose a risk to the prevailing political order. The Nonprofit Organisations Act consists of five chapters, with the main objectives of the Act being: "... to encourage and support nonprofit organisations in their contribution to meeting the diverse needs of the population of the Republic by, amongst other, creating an environment in which nonprofit organisations can flourish" (Wyngaard 2013:3).

#### **2.8.5 Definitions and Objectives**

As mentioned throughout this chapter, the Nonprofit Organisations Act was enacted to repeal the Fundraising Act. It should, however, be noted that the second chapter in both acts are the same, as both deal with disaster and relief funds.

The Nonprofit Organisations Act defines non-profit organisations as follows:

*"[A] trust, company or other association of persons – established for a public purpose; and the income and property of which are not distributable*

*to its members or office bearers except as reasonable compensation for services rendered (Section 1x)”*

(RSA, 1997:2).

The objectives of the Act are as follows:

“[To] record the non-profit purpose and character of NPOs (whether they be set up as a voluntary association, trust or Section 21 company), and distinguish them from for-profit organisations; clarify the legal status of NPOs by recording that the NPO is a body corporate that has an independent legal personality; and always appear in the founding documents of all NPOs anyway, because they are essential to the basic functioning of an organisation” (RSA, 1997:3).

The Act aims to meet the mentioned objectives by creating a system of voluntary registration and freedom in terms of operations management.

### **2.8.6 Registration**

The Act provides for the fulfilment of certain mandatory requirements before a NGO can be registered. It is observed that the mandatory requirements are similar to the common law’s requirements for the establishment of a voluntary association. These requirements should be seen in conjunction with the following clauses in the South African Constitution as it can affect the registration and activities of NGOs:

#### ***Freedom of Expression (Clause 16) (Chapter 2, Section 16 – 1, 2)***

Everyone has the right to freedom of expression, which includes:

- Freedom of the press and other media;
- Freedom to receive or impart information or ideas;
- Freedom of artistic creativity; and
- Academic freedom and freedom of scientific research.

The right in the subsection above does not extend to:

- Propaganda for war;
- Incitement of imminent violence; or
- Advocacy of hatred that is based on race, ethnicity, gender or religion, and that constitutes incitement to cause harm.

***Freedom of Association (Clause 18) (Chapter 2, Section 18)***

Everyone has the right to freedom of association.

***Limitations (Clause 36) (Chapter 2, Section 36 – 1, 2)***

The rights in the Bill of Rights (Chapter 2 of the Constitution) may be limited only in terms of law of general application to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom, taking into account all relevant factors, including-

- The nature of the right;
- The importance of the purpose of the limitation;
- The nature and extent of the limitation;
- The relation between the limitation and its purpose; and
- Less restrictive means to achieve the purpose.

Except as provided in subsection above or in any other provision of the Constitution, no law may limit any right entrenched in the Bill of Rights (NGO Law Monitor, 2016:3).

The voluntary registration of NGOs, as enshrined in the Nonprofit Organisations Act, holds various benefits. According to ETU (n.d.:12), the Act encourages NPOs (or in this case NGOs) to be accountable and transparent to the public and state. Registration and the on-going reporting requirements enable NGOs to improve operational standards of governance, which ultimately increases public and donor confidence. In terms of government benefits and allowances, Section 2 of the Nonprofit Organisations Act allows the Minister of the Department of Social Development to describe allowance and benefits to

registered NGOs. These allowances and benefits include other benefits, such as lower taxes or tax exemptions, depending on the type of organisation.

### **2.8.7 Organisation Types**

The type or choice of organisational structure is very important, as different types of organisations are governed by different pieces of legislation. South African laws make provision for three different legal structures or types of NGOs; namely, voluntary associations, trusts and Section 21 companies (ICNL, 2004:3).

#### *Voluntary associations*

According to Bamford (1982:117), the only requirement to form a voluntary association is the agreement between three or more individuals to achieve a common objective. This objective does not include the making of profits. Voluntary association is a structure commonly used by informal or small community-based organisations or initiatives. Bamford (1982:126) states that voluntary organisations, from the aspect of legal personality, can be classified as follows: “in terms of the common law corporate bodies are also known as the ‘universitas’, and voluntary associations which remain unincorporated at common law are known as non-corporate associations”. Bamford (1982:126) further adds that courts will classify organisations as voluntary associations by looking at their constitutions (written or verbal), its nature, objectives and activities. The court can also classify organisations as a “universitas” when three elements are present; namely, “that the association must continue as an entity notwithstanding the change in membership, the association must be able to hold property distinct from its members and finally it must be clear that no member has any rights by reason of his membership to the property of the association” (ICNL, 2004:3). If all of these requirements are met the ‘universitas’ has legal personality.” (Bamford, 1982:128).

## *Trusts*

A trust is constituted when the ownership of property is transferred to another party. The other party administers the property for the benefit of a certain group or for the achievement of a particular objective (ICNL, 2004:3). A trust is primarily established for private benefit but it can also be constituted for public good or purpose. According to ICNL (2004:4), a trust lacks legal personality and it legally holds property in the name of trustees.

## *Section 21 companies*

The South African Companies Act (No. 71 of 2008) makes provision for the establishment of organisations or associations that are not motivated for the making of profit. These Section 21 companies or organisations must have, by law, at least seven members that individually undertake a guaranteed commitment in the event of the financial failure of the organisation (ICNL, 2004:4). In terms of Section 63 of the Companies Act, Section 21 companies must register with the Registrar of Companies. Section 21 companies also possess legal personality.

## **2.9 NGO GOVERNANCE: CONSTITUTIONS**

As mentioned in Section 2.7.3, good governance practices are very important for NGOs as these raise levels in confidence and accountability in terms of NGOs. One of the tools or mechanisms that ensure good governance is the constitutions that govern the operations, activities and structures of NGOs.

### **2.9.1 What are Constitutions?**

A constitution of an NGO is the foundation for building the organisation and it should contain all the key agreements made by members on how the NGO will work (ETU, nd.:1). In the law fraternity it is called the 'founding document' and it is legally binding. According to ETU (nd.:1-2), the constitution should give the following information: "why the organisation exists, its purpose and objectives;

who the organisation's key constituency and stakeholders are, who should benefit from its work; and how the organisation intends to work, its broad principles and the basic structures for decision making and getting the work done as well dealing with the finances and assets of the organisation". Constitutions should always be written in clear and simple language to avoid any confusion with the members of the NGO. Constitutions also consist of very clearly defined sections. Table 2.2 (page 40) gives a breakdown of the different sections that are found in the Constitution of a typical NGO.



**Table 2.2: Founding Document (Constitutions) Sections**

<b>The purpose</b>	Why the organisations exists, who should benefit from your work and how they should benefit.
<b>The Objectives</b>	What it intends to achieve
<b>The type of organisation</b>	For example not-for profit voluntary association
<b>The membership</b>	Who may become a member and the duties and rights of members. How you join and how members can resign or be expelled.
<b>The structures and main procedures</b>	<ul style="list-style-type: none"> <li>• annual general meetings and other meetings,</li> <li>• elections and appointments for the different structures of the organisation</li> <li>• their powers and functions,</li> <li>• who makes what decisions,</li> <li>• how the organisation is governed and how decisions are made</li> <li>• how it is organised to get the work done.</li> </ul>
<b>The roles, rights and responsibilities</b>	What different individuals or structures are responsible for, to whom they account.
<b>How the finances and assets of the organisation are controlled</b>	This is to make sure that no money or resources that belong to the organisation can be abused or misused.
<b>Financial year and audit process</b>	It tell you when your annual financial account will be finalised and audited and who the report will go to
<b>Closing down the organisation</b>	What process must be followed and what will happen to the money and assets of the organisation.

**Source:** ETU (n.d.:2).

### **2.9.2 Different Constitutions for Different NGOs**

It is logical that different types of organisations would need different types of Constitutions or ‘founding documents’. As mentioned in Section 2.8.7, the three main types of organisations are: voluntary associations, trusts, and Section 21 companies. Some constitutions need to be registered legally, while other organisations do not have to follow this process. According to ETU (n.d.:3), the

type of constitution that is necessary and what it should cover according to the law, will be affected by the following: “whether your organisation is a non-profit organisation or not; and if your organisation is a non-profit organisation, what type of non-profit organisation it is”. The law, especially the Nonprofit Organisations Act, has an effect on the constitutions and registration of the three different types of non-profit organisations (mentioned in this section). Table 2.3 below gives a breakdown and explanation of the effects mentioned.

**Table 2.3: Effects of Registration**

<b>All three types of NPOs</b>	That fall under the NPO Act may decide whether or not they wish to register with the Department of Social Development - registration with the Department is voluntary
<b>Voluntary Associations</b>	That fall under the NPO Act and the Common Law do not have to register anywhere, but, like the other two kinds of organisations, they may register with the Department of Social Development under the NPO Act. Their founding documents are called constitutions.
<b>Trusts MUST register with the Master of the Supreme Court</b>	Under the Trust Property Control Act, but may also voluntarily register under the NPO Act if they are NPOs. Their founding documents are called Trust Deeds.
<b>Section 21 Companies MUST register with the Registrar of Companies</b>	Under the Companies Act, but may also voluntarily register under the NPO Act if they are NPOs. Their founding documents are called the Memorandum and Articles of Association.
<b>Organisations outside of the NPO Act</b>	Organisations that do not fit the definition of a Non-Profit Organisation in the NPO Act are not allowed to register under the Act. Most organisations that exist to make a profit must register as a private company or as a co-operative under other laws.

**Source:** ETU (n.d.:5).

### 2.9.3 Structures

Constitutions provide for different governance and organisational structures, depending on the main objectives of the NGO. According to ICNL (2004:7), the governance structure of an NGO can be constituted as follows: “The constitution of a voluntary association usually provides for the appointment of a management committee, who are given executive powers to manage the

association. The constitution should provide for the election of members to the various offices, including chairperson, treasurer etc. and for the holding of meetings and the procedures to be followed at those meetings including the quorum required and the manner in which votes are taken”. As a requirement by the Nonprofit Organisation Act, an organisation must set out clearly in its constitution the organisational structures and mechanisms. It is a requirement by law that members of the management committee or governing board of NGOs must adhere to the legal requirements set out by the constitutions of the organisation, the common law and the legislation governing the organisation (ICNL, 2004:8).

## **2.10 CONCLUSION**

This literature review made evident that NGOs, and civil society in general, are important stakeholders in the development project, from a local to an international level. It showed the dramatic rise in the number of NGOs throughout the world in the past 50 years (see Figure 2.2). It is also evident from this literature review that NGOs face different obstacles due to the differing contexts in which they operate. One such obstacle is funding, including the sourcing, and reporting on the use, of this. This also relates to the accountability frameworks that govern the operations of NGOs. Different funders would require different accountability mechanisms and this also has an effect on the operations of NGOs. It can be negative or positive as shown by the literature.

The chapter also gave an in-depth discussion on the legislation, legal guidelines and public policies that ultimately govern the operations of NGOs. It speaks of the operational boundaries stipulated by these legal frameworks and also about the freedom afforded to NGOs – freedoms that were not a realisation in the apartheid era. Chapter 3 will investigate the concepts of organisational effectiveness and business process reengineering and how these relate to the operations of NGOs.

## **CHAPTER 3: ORGANISATIONAL EFFECTIVENESS AND BUSINESS PROCESS REENGINEERING IN THE NGO SECTOR**

### **3.1 INTRODUCTION**

Organisational effectiveness (OE) has been an area of interest in a multitude of management literature. Defining OE has also been an area of contention as this can have different meanings and levels of importance. This is mainly due to the fact that not all organisations are the same. OE has especially been explored and researched in a private sector setting, due to private firms searching to maximise profits. It does, however, also have considerable benefits for organisations in the public sector, such as NGOs.

One mechanism to improve OE is business process reengineering (BPR). BPR can also be described as a process that is mainly used within a private sector context. BPR fundamentally involves the radical rethinking and redesign of business and management processes to achieve significant improvements in measures of performance, such as cost, quality, service and speed. For this reason, BPR can be very important in a public sector context, due to the increasing demands that are placed on modern-day organisations in this sector.

### **3.2 The Organisational Effectiveness of NGOs**

Organisational effectiveness (OE) is an important construct, especially in the private sector. The global rise in NGOs has also raised questions about the OE of NGOs. The ever-changing environment in which NGOs operate necessitates a stronger focus on OE. According to Kamat (2003:69), "Studies conducted independently by scholars in different countries have confirmed the phenomena

of both NGO professionalisation and agree that there has been a remarkably rapid shift both in the organisational character of NGOs and in the nature of their work". The following subsections will discuss OE, models of OE, its implications, advantages, as well as how it relates to NGOs.

### **3.2.1 What is Organisational Effectiveness?**

OE is one of the most difficult concepts to define, even more so in the NGO sector. According to Mitchell (2012:2): "Over the past half century, scholars have proposed various definitions or "models" of organizational effectiveness. Much of this research is based on conceptual analyses and stakeholder surveys. Largely absent from this rich academic literature, however, are systematic efforts to understand directly how non-profit leaders define organizational effectiveness in practice". With this statement as background, various authors have endeavoured to define OE. As far back as 1986, Kim Cameron noted that OE had become a fashionable topic in the media and academia, observing that the best-selling management books in history have focused squarely on explanations of what makes some firms or organisations excellent, of high quality, productive, efficient, healthy, or possessing vitality, all proxies for the concepts of OE as used in the organisational sciences literature (Cameron, 1986:539). Cameron continues to identify the following as possible indicators of organisational effectiveness: innovation, closeness to customers/beneficiaries, management-by-walking-around, and participative leadership styles (1986:539). An explanation of OE variation and the search for its casual structure represents one of the most persisting themes in organisations science literature (March & Sutton, 1997). According to Pedraza (2014), organisational effectiveness can be defined as the following: "The efficiency with which an association is able to meet its objectives. This means an organization that produces a desired effect or an organization that is productive without waste".

### 3.2.2 Models of Organisational Effectiveness

As mentioned in Section 3.1, defining OE can, for the most part, be very difficult because organisations are, by their very nature, so different. This also holds true for the assessment or measurement of OE. Several models of organisational effectiveness have been developed, as discussed in section 1.3.2. The models of OE (as discussed in section 1.3.2) are the following: goals, systems, strategic-constituencies, competing-values and ineffectiveness. Table 1.1 provides a summary of the most important aspects of the different models of OE.

The models build on each other, in other words every model adds something to the previous ones in order to increase the accuracy of the whole picture (Henri, 2004). According to Robbins (1983), the systems model is described as encompassing the ends-focus of the goal mode, together with the means and environmental actors. The strategic-constituencies model focuses solely on the constituencies that can threaten the survival of the organisation studied. “The competing-values model is portrayed as an integrative framework of the previous models” (Henri, 2004).

### 3.2.3 The Models Explained

The following models of OE are identified and explained.

#### *Goal Model*

The Goal Model has served as a conceptual and central part in OE scholarship. According to Herman and Renz (1997; 1998; 2004; 2008), scholarship in terms of OE was mostly focussed on finding alternatives to, or modifications of, the goal model. This model posits that organisations are effective if they achieve their stated goals and objectives. Organisations should therefore actively work towards the achievement of stated goals and objectives. However, this may also be problematic, since goals reflect negotiated values and priorities, and these may be perceived as subjective (Mitchell, 2012:2).



### *Systems Model*

The second model of OE is called the Systems Model or Systems Resource Approach. This model explains OE from the point of view of the ability or skill to obtain resources from environments external to the organisation. According to Ashraf (2012:81), “The application of system resource can be effective if a vivid relation exists between the resources which an organisation receives and goods or services it produces” (Cameron 1981). This approach invites managers to consider the organisation not only as a whole but as a part of a larger group as well. The dominating attitude is that any part of the activities of an organisation has an effect on all other parts. All systems, processes and activities within the boundaries of the organisation should actively work to accrue resources for the benefit and effectiveness of the organisation.

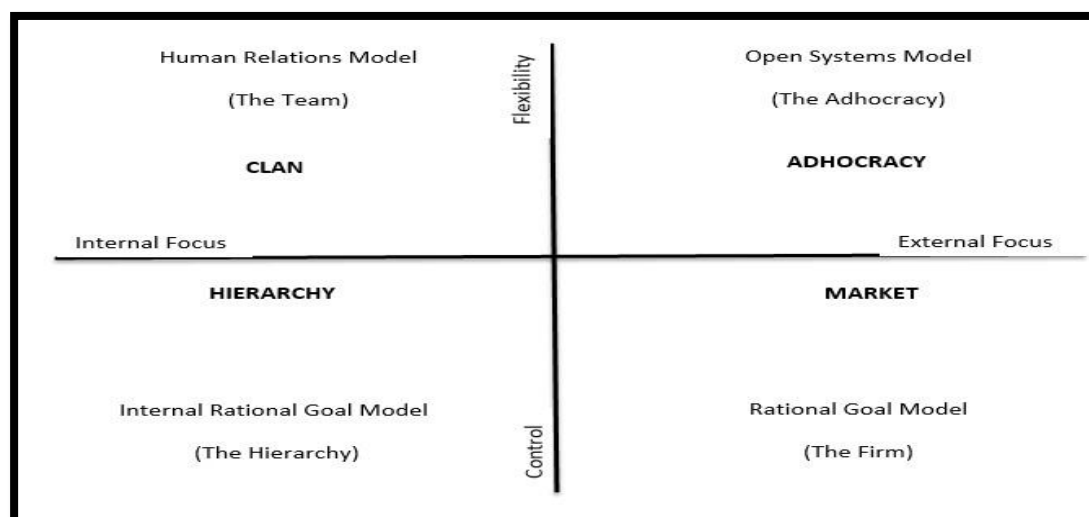
### *Strategic Constituencies Model*

The Strategic Constituencies Model deals with the effect that organisations have on their main stakeholders and their interests. In terms of this model, OE can be defined as the minimum satisfaction of all the strategic constituencies of the organisation (Ashraf, 2012:81). Strategic constituencies refer to all stakeholders, people and groups that are somehow connected to the organisation. According to Cameron (1981), these stakeholders, people and groups may have different roles, such as the users of products or services of the organisation, the facilitators of the organisation’s output, resource providers, the dependents and the main supporters of the organisation. This model highlights the importance of the management of stakeholders or strategic constituencies, internal and external to the organisation. Ashraf (2012:81) notes that, “This approach assumes an exhaustive attitude toward effectiveness and evaluates the factors both in the environment and within the organisation”.

### *Competing-Values Model*

The Competing-Values Model builds on the models that came before it. This model views the measurement of OE as an exercise primarily rooted in values. According to Henri (2004:98), “Using organizational values as a starting point,

three sets of competing values are juxtaposed to form different definitions of effectiveness. These sets of values encompass various aspects of previous models: (i) means-ends dilemma refers to the goal and system model, (ii) the internal-external focus dilemma refers to the different stakeholders' needs, and (iii) the control-flexibility dilemma is an open debate in organizational literature". Quinn and Rohrbaugh (1983) identify four different models of effectiveness that can be derived from the abovementioned values as follows: rational model, internal process, open system, and human relations (Henri, 2004:98). Deshpandé, Farley and Webster (1993) are responsible for the adaptation of the Competing-Values Model as a model for studying the influence of organisational culture (Paulin, Ferguson & Payaud, 2000:329). Figure 3.1 is a representation of this adaptation by Deshpandé, *et al.* (1993).



**Figure 3.2: Competing Values Culture Framework**

**Source:** Paulin, *et al.* (2000:329).

According to Paulin, *et al.* (2000:329): "Using only the first two value sets in a two-dimensional configuration (control vs. flexibility and internal vs. external focus), produced four quadrants or organizational culture models: Human Relations Model (Team), Open Systems Model (Adhocracy), Rational Goal Model (Firm) and Internal Process Model (Hierarchy). Based on the questionnaire and terminology in Cameron and Freeman (1991), Deshpandé, *et al.* (1993), described organizational culture by four types: Clan, Adhocracy,



Market and Hierarchy". This competing values culture framework can be used to determine the effect of organisational culture on OE.

### *Ineffectiveness Model*

The Ineffectiveness Model envisages the organisation as a set of problems and faults (Henri, 2004:98). It assumes that it is easier, accurate and more beneficial to identify faults and problems (organisational ineffectiveness) than criteria of competencies (organisational effectiveness). According to Henri (2004:98-99), it can therefore be derived that OE is defined as the absence of ineffectiveness factors.

## **3.3 BUSINESS PROCESS REENGINEERING (BPR)**

BPR is a concept that has been prevalent in the private sector for the last twenty years. It has led to various successes in this sector, and most of these successes can now also be noted in the public sector where BPR has been implemented. Below follows a discussion on the merits of the BPR process in the public sector, particularly the NGO sector, and how this can lead to increased organisational efficiency in this sector.

### **3.3.1 What is BPR?**

Business process reengineering (BPR) is a concept that emerged in the private sector and became popular in the mid-1990s. BPR has been described as one of the key business fads since 1994 (Halachmi & Bovaird, 1997:227). The success stories of BPR have been widely publicised in popular media. For example, Ford managed, through BPR, to cut accounts payable headcount by 75%; Xerox redesigned its order fulfilment process and this improved service levels by 75 to 95%; Mutual Benefit Life managed to improve its insurance underwriting efficiency by 40%; and Detroit Edison reduced payment cycles for work orders by 80% (Grover & Malhotra, 1997:193). See Figure 3.4 (page 51) for a practical breakdown of the BPR process followed by Ford that ultimately lead to the abovementioned dramatic decrease (75%) in accounts payable.

At this stage it is useful to formally define BPR. It can be defined as: "... the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed" (O'Neill and Sohal 1999:573). According to O'Neill and Sohal (1999:573), Davenport and Short (1990) defined BPR as the analysis and redesign of work flows and processes internally and externally between organisations; Talwar (1993) highlights the rethinking, streamlining and restructuring of the business structure, methods of work, processes, management systems and external relationships through which value is created and delivered.

According to O'Neill and Sohal (1999:574), "Petrozzo and Stepper (1994) on the other hand, believe that BPR involves the concurrent redesign of processes, organisations, and their supporting information systems to achieve radical improvement in time, cost, quality, and customers' regard for the company's products and services. While Lowenthal (1994) describes the fundamental rethinking and redesign of operating processes and organisational structure, the focus is on the organisation's core competencies, to achieve dramatic improvements in organisational performance, as BPR's essential components". BPR is primarily about the dismantling of past administrative traditions when small or incremental changes to past practices do not seem to help the organisation in dealing with its current situation or context.

### **3.3.2 The Origins of BPR**

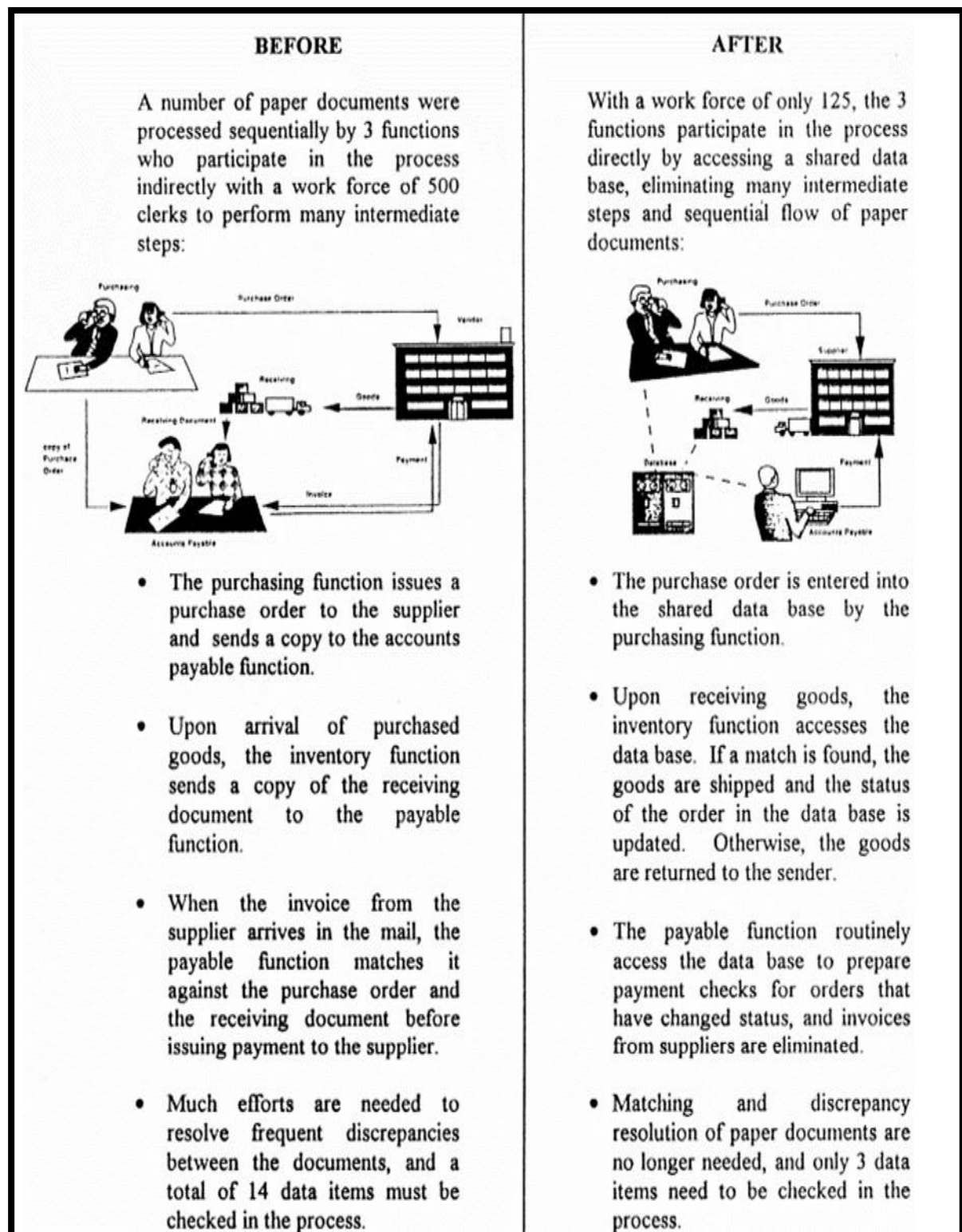
To fully comprehend the importance of BPR, it is necessary to trace its evolution from beginning to inception as a very important change and operations mechanism in the private, as well as the public, sector in recent times.

### *Consultant programme*

The idea of redesigning business processes first emerged during the mid-1980s. This idea was largely advanced by big consulting firms such as Peat Marwick and McKinsey (Grover & Malhotra, 1997:196). “These firms used many of the components of reengineering, particularly the notion of information technology (IT) to make radical changes in cross-functional processes” (Grover & Malhotra, 1997:196).

### *Focus on process*

The idea of business process change was, however, not a completely new concept. Total quality management (TQM) and continuous improvement focussed on the Japanese notion of *kaizen*. This happened long before the inception of BPR. According to Grover and Malhotra (1997:196), the main focus of this movement was largely on statistical process control and following quality guidelines and standards.

**Figure 3.4: An Example of a BPR Process**

**Source:** Grover and Malhotra (1997:194).

*Economic stresses*

Economic stresses and periods of strife, especially the recession through the late 1980s, motivated managers to come up with new ways of reducing costs. Downsizing and cost-cutting programs were introduced to deal with economic pressures. Grover and Malhotra (1997:196) note that: “The bulging middle manager levels which focus on white-collar processes came under particular pressure in these programs, which were also aimed at increasing a company’s ability to be flexible and responsive”.

*Productivity inconsistencies*

It is widely expected that large-scale investment in IT will improve productivity. This, however, has not happened, and is referred to as the productivity paradox (Grover & Malhotra 1997:196). Investment in IT tied with business process changes can, however, have a more positive effect on productivity levels.

*Legitimacy*

According to Grover and Malhotra (1997:196), BPR was largely legitimised by two seminal articles in 1990, by Davenport and Short (1990) and Hammer (1990). Books and further articles on the topic gave impetus to the uptake and legitimacy of BPR in both practice and academia.

*Bandwagon effect*

As mentioned in Section 3.3.1, the widely publicised successes of early adopters of BPR in popular media outlets made it a very beneficial prospect for many private sector companies. According to Grover and Malhotra (1997:196-197), “The rhetoric of reengineering transcended the original concept and was often used to describe any change or system initiative”.

**3.3.3 Why is BPR Necessary?**

There exist various contexts and situations, both internally and externally, within organisations that necessitate or create a favourable environment for BPR. A world-class organisation is created when the management and employees

work as a team and all functional areas of the business need to be properly integrated. All involved in the organisation need to understand the importance of cross-functional processes (O'Neill & Sohal, 1999:572). According to O'Neill and Sohal (1999:572), the driving forces behind the increased popularity of BPR can be found in Porter's (1980; 1985; 1990) writings on competitive advantage, and can be summarised as follows: "customers who can now be very diverse, segmented, and are expectant of consultation; competition that has intensified to meet the needs of customers in every niche; and change that has become pervasive, persistent, faster and in some markets a pre-requisite".

An increase in competition and customers has created a situation wherein organisations need to re-evaluate and ultimately restructure their business processes to stay competitive and relevant. Customers in recent times are characterised by their relentless demand for quality, service, price, and their ability to act on default of contract and by their disloyalty (Drucker, 1954). The greater and effective use of technology, especially Information Communication Technology (ICT), is consistently highlighted in literature in terms of BPR. The importance of ICT in relation to BPR will be discussed in a separate section below.

### **3.3.4 BPR Tools and Mechanisms**

Literature on BPR has focussed more on the end goal; namely, the reengineered organisation, and not much attention has been given to the tool and techniques that bring about dramatic change(s). According to O'Neill and Sohal (1999:574), this results in the pursuit of many different tools in the search for the best reengineering application. On page 54 is a summary of some of the most important BPR tools and mechanisms.

#### *Process visualisation*

According to Barret (1994), the key to a successful BPR process lies within the development of a vision of the process. There is an overemphasis on the end goal, and not the process to ultimately reach that end goal.

### *Process mapping / operational method study*

Tools that are often neglected, but that are well-suited for BPR, are those of operational method studies (Cypress, 1994). According to O'Neill and Sohal (1999:575): "Recent evidence suggests that these concepts have been incorporated into tools such as IDEF0 (integrated definition method), DFD (data flow diagrams), OOA (object-oriented analysis) (Yu & Wright, 1997), and Prince2 (process-based project management, see internet reference: Prince2)".

### *Change management*

The human element in any BPR process is very important. Various authors have highlighted the need to take into account the human element of the reengineering process. According to O'Neill and Sohal (1999:575), it is particularly evident with the management of organisational change. The human element needs to be managed as it can greatly affect, and can be a perceived threat on, work methods and jobs.

### *Benchmarking*

O'Neill and Sohal (1999:575) suggest that benchmarking allows for the visualisation and development of processes which are known to be in operation in organisations.

### *Process and customer focus*

In the private sector BPR was primarily developed to redesign processes with regard to improving performance from the customer's perspective. According to Harrington (1991), this provides a strong connection with the process improvement methodologies as suggested by authors in the quality field.

## **3.3.5 BPR through Information Communication Technology**

Information Communication Technology (ICT) can be a very effective tool to bring about change in an organisation and can therefore be seen as one of the more important BPR tools. ICT is the all-encompassing term for computer



networks, client-server architecture, open software systems, database groupware and electronic commerce (O'Neill & Sohal, 1999:573).

The advent of ICT has especially created possibilities for integrated automation of manual paper-based business processes and work flows. In effect, it greatly simplified systems design around office processes. Mechling (1994:190) advances the processing of insurance applications by an insurance company that adopted ICT as a BPR tool as an example of the dramatic change that can result. The following example by Mechling (1994:190) clearly illustrates the dramatic effects that ICT can have on an organisation:

*“Organizations have been using reengineering to dramatically speed up work processes. Using a private sector example, an insurance company recently found that each new policy application had to be seen by fifteen specialist workers and required twenty-two days for processing. While the customer waited more than three weeks for an answer, the application was actually being worked on for less than forty-five minutes; the remaining time was consumed by hand-offs. In this case, information technology enabled the company to redesign the process completely they began by creating an expert system to aid in applying the many rules involved in reviewing an application. The system allowed the company to create a new category of worker – the caseworker – to handle all the processing steps for a typical application; in cases requiring specialists, hand-offs were made via an electronic image on the computer network, thereby allowing the involved specialists to work on it simultaneously. The results have been dramatic: the redesigned process requires 50 percent less labour and 90 percent less time”.*

Mechling (1994:190)

### **3.3.6 BPR from an Organisational Change Perspective**

BPR cannot be seen as a ‘one size fits all’ solution or a quick fix to organisational problems or ineffectiveness. According to Kettinger, Teng and Guha (1997:56), it should be seen as a form of organisational change



characterised by transformation of interrelated organisational subsystems. Kettinger, Teng and Guha (1997:56) further add that the contribution of BPR to past organisational change perspectives is its focus on the business process. According to Earl (1994:13), a process is “a lateral or horizontal organizational form that encapsulates the interdependence of tasks, roles, people, departments and functions required to provide a customer with a product or service”. Figure 3.5 (page 57), depicts process change as strategy driven and based on the assessment of competitiveness factors. According to Kettinger, Teng and Guha (1997:56), typical BPR projects include attempts to change organisational subsystems of management (style, values, measures), people (jobs, skills, culture), information technology, and organisational structures. The ultimate goal of process change is improved process products and services. These products and services are measured in terms of customer satisfaction, shareholder value, cost or quality.

Figure 3.5: Business Process Change Model

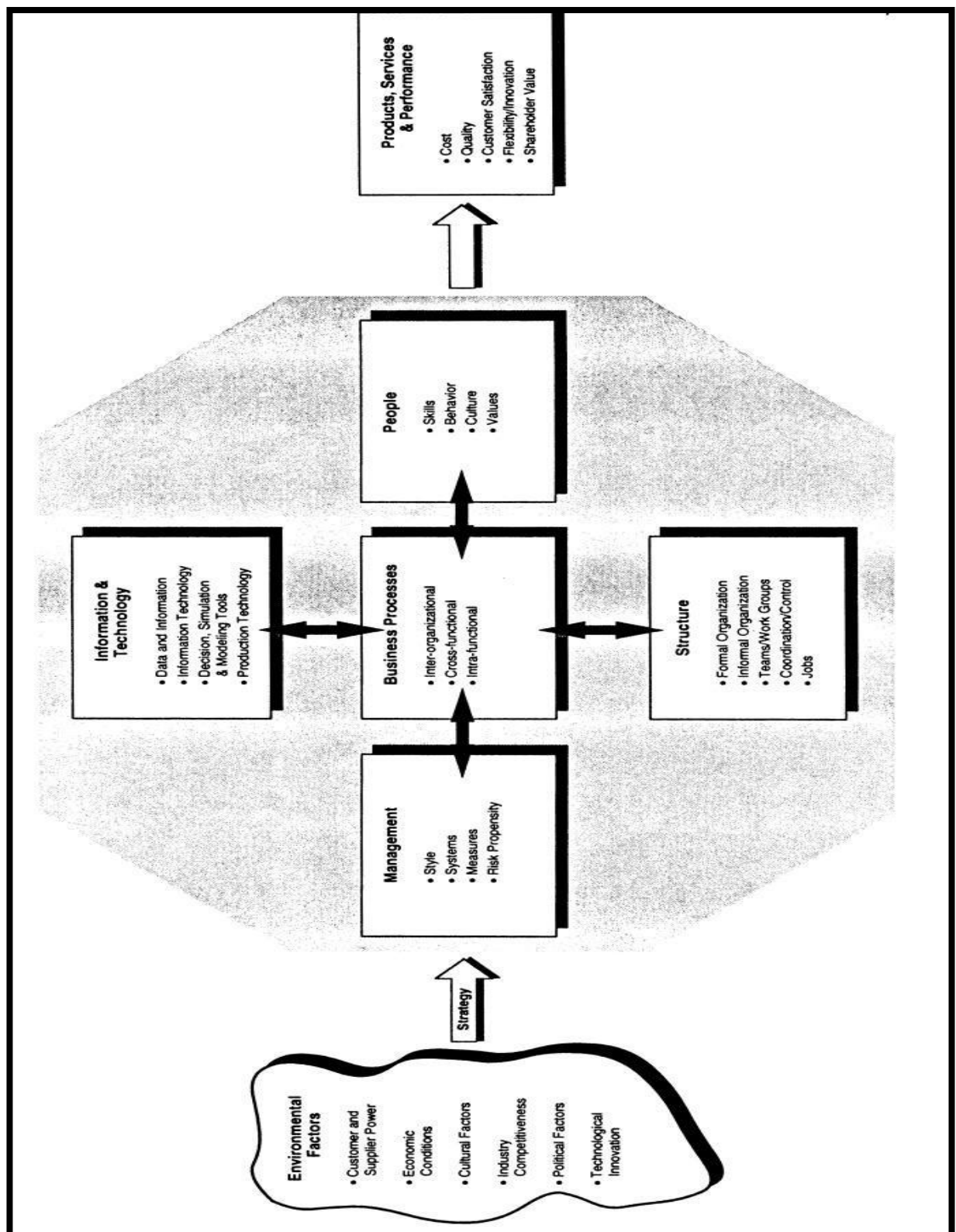


Figure 3.5: Business Process Change Model

Source: Kettinger, Teng and Guha (1997:57).

### **3.3.7 Can Total Quality Management (TQM) and BPR Coexist?**

Total quality management (TQM) can be defined as an approach to improving competitive, effectiveness and flexibility of a whole organisation (Oakland, 1993). It can be accepted that there are definite links or connections between BPR and TQM. TQM focuses on the management of processes within the organisation in order to satisfy customer needs and requirements (Bennis, 1992). BPR also emphasises a focus on processes, but it can be assumed that it is much more radical and dynamic than TQM. It does, however, appear that BPR cannot exist without TQM, as explained by O'Neill and Sohal (1999:576): "It could appear that BPR is less likely to succeed outside TQM, since it uses the methods, process, and customer orientations of TQM to deliver step changes. If it does so on an ad hoc basis, without the training, experience, and organisational infrastructure that TQM takes for granted, it might be anticipated that organisational resistance would be greater than in a culture where planned quality change is taken for granted". In this way, BPR and TQM complement each other.

According Gadd and Oakland (1996), most literature would suggest that BPR helps to focus attention on transformational change, without endangering core competencies and improvement efforts, and it definitely also effectively contributes to a total quality framework that will help bring benefits and advantages to the whole organisation. O'Neill and Sohal (1999:576) further suggests that "TQM and BPR can be considered as two distinct and different approaches capable of coexisting in the same organisation, but used at different times to achieve different levels of performance improvement".

### **3.3.8 BPR in the Public Sector**

Up until this point, BPR was mostly discussed as a construct or process that primarily takes place in the private sector. With the advantages and influence of New Public Management (NPM), processes that would bring benefits to the private sector were now also seen as useful for the public sector, with public sector hereafter referring to both government and civil society organisations,

such as NGOs. It should, however, be noted that BPR is not a 'one size fits all' or quick fix to problems experienced in the public sector, as previously mentioned in terms of the private sector. According to Weerakkody, Janssen and Dwivedi (2011:321): "When drawing likenesses to BPR in the private sector, recent work identifies a large number of challenges facing transformational type radical change in the public sector, which are multi-faceted and complex. A significant challenge is for government agencies to carefully consider and address the key change barriers and challenges before embarking on change initiatives ...". In an era where societies sometimes experience global and rapid changes, it is necessary to create a civil society and government that is responsive and effective, and BPR is one of the tools or mechanisms at their disposal to increase levels of responsiveness, efficiency and effectiveness. The creation of citizen-centric services by the public sector requires considerable, rather than small and incremental, change.

### **3.3.9 BPR examples in the NGO sector**

As mention in section 3.3.8, BPR has been successfully implemented in the public sector. This section will present two NGO examples where a BPR process have led to improved OE.

#### *Cambodia Trust*

The Cambodia Trust is an NGO that provides artificial limbs and related services to physically disabled people in the country of Cambodia. Due to a process of localisation, the NGO started a process to devolve management responsibilities to government staff away from expatriates that managed the NGO since its inception. As part of the BPR process, the Cambodia Trust put in place a Quality Management System (QMS) which ultimately led to an organisationally more effective NGO, as well as a successful management hand over process (Walsh and Lenihan 2006:416).

## CARE

CARE is one of the oldest international development and relief NGOs in the United States of America. This NGO initiated a transformation process from 1992 to 1997. CARE used the following macro strategic frameworks to bring about transformation from within its internal ranks: “Moore’s and Porter’s frameworks (1995; 1980) for organisational repositioning, long-term strategic planning, and reengineering [BPR]” (Lindenberg 2001:251). CARE’s BPR process was implemented in the programme division and was later expanded to marketing, management information services, human resources department, and finally the finance section. CARE’s BPR process was driven by key internal staff and consultants. The BPR process identified the following measures that would lead to a more organisationally effective NGO: “...reducing the size of headquarters technical services, cutting the size of headquarters staff, changing the strategy of marketing, streamlining marketing regional field offices, and implementing a new financial system” (Lindenberg 2001:259).

From the discussion above, it is evident that BPR can have a dramatic impact on the governance and operations of NGOs. Although, BPR is process that was developed in the private sector, it can be beneficial for the governmental and most importantly, NGO sector.

### 3.4 CONCLUSION

From the discussion above, it is evident that NGOs and broader civil society play a very important role in terms of the development of any country. It is also clear that NGOs face various challenges and that striving towards OE is an important component of any NGO. There may be factors outside the management boundaries of NGOs that influence effectiveness, mission, objectives and operations. Donor funding and the pressures from donors are particularly important in this respect.

In an effort to find solutions for the improvement of the OE of NGOs, it is

important to also look at the solution and processes the private sector employs to increase OE. BPR in particular stands out in this respect. BPR is a process mostly employed by private sector companies but which has, as shown in the literature, become fashionable in the public sector in recent times. This is largely due to the advent of NPM.

Chapter 4 will give an in-depth discussion on the research methodology that guided this study, as well as a presentation and interpretation of the results of the information gathered from the two selected case studies.

## **CHAPTER 4: RESEARCH METHODOLOGY AND INTERPRETATION OF RESULTS**

### **4.1 INTRODUCTION**

The main aim of this chapter is to explain the research process followed in the execution of this study. It specifically describes the research design and research methodology. The specific research design and methodology selected for this study was chosen to ensure that the researcher gathered the data required to respond to the research questions posed in Chapter 1. This chapter will also outline the sampling procedures employed to select the cases studied.

The results of the information collected by the researcher for the different sections as outlined in the self-completion questionnaire, namely, governance and organisational design, accountability and funding, OE and BPR will be presented in this chapter. This chapter will also present an explanation of the results for each of the selected NGOs. The two selected cases for this study was Good Hope Psychological Services (GHPS) and Women on Farms will be discussed in detail.

### **4.2 RESEARCH DESIGN: AN EXPLANATION**

A research design can be defined as a framework or plan for the collection and analysis of data (Bryman, 2008:31). According to Babbie and Mouton (2015:72), research design can be defined as the planning of scientific inquiry – designing a strategy or plan for finding something out. Bryman (2008:31) further elaborates on the choice of research design and how it reflects the priority being given to a variety of dimensions of the research process. According to Bryman (2008:31), these include the importance attached to: “expressing causal connections between variables; generalising to longer groups of individuals than those actually forming part of the investigation;

understanding behaviour and the meaning that behaviour in its specific social context; and having a temporal (i.e. over time) appreciation of social phenomena and their interconnections". Research designs should not be confused with research methods.

### **4.3 RESEARCH DESIGN OF THIS STUDY**

The study conducted was both empirical and non-empirical in nature. According to Babbie and Mouton (2015:641), empirical research refers to those methods of research used to investigate the world of observations and experiences. A non-empirical study refers to experimental or even qualitative methods of research. The non-empirical side of this study was conducted by means of a review of relevant literature, while the empirical side was conducted by means of case studies and self-completion questionnaires.

A qualitative approach to this study was taken. According to Bryman (2008:697), qualitative research usually places an emphasis on words rather than quantification in the collection and analysis of data. Bryman (2008:697) further adds that qualitative research as a research strategy is inductivist, constructivist, and interpretivist, although researchers do not always subscribe to all three of these features. The qualitative approach allows for an in-depth insight and description of the selected case studies, as it intends to describe the level of organisational effectiveness of NGOs.

### **4.4 LITERATURE REVIEW**

According to Mouton (2011:179), a literature review is a study that provides an overview in a certain discipline through the analysis of trends and debates. Mouton (2011:197) further adds that a literature review is in essence an exercise in inductive reasoning, whereby a sample of texts are read to get a proper understanding of a specific domain or scholarship. The strength of a comprehensive literature review lies in the fact that it provides a good



understanding of issues and debates in the area or field that is being studied, current theoretical thinking and definitions, as well as previous studies and their results (Mouton, 2011:179).

An analysis of literature was done in order to get an accurate presentation of the theoretical understandings of the concepts of organisational effectiveness, NGOs (organisation), the legislative context that governs the non-profit sector in South Africa, and BPR. The literature was primarily collected by means of articles in academic journals, book, Internet sources, and theses.

#### **4.5 CASE STUDY DESIGN**

This study was conducted through a case study design. According to Bryman (2008:361), a case study is a research design that entails the detailed and intensive analysis of a single case. The term is sometimes extended to include the study of two or three cases for comparative purposes. A case can refer to a location, community or organisation. In this study the case applied to NGOs. A case study research design is fitting for this study, as it gives an in-depth understanding of a typical small NGO in South Africa.

#### **4.6 TRUSTWORTHINESS**

Two cases (NGOs) were used for this study. The method of triangulation was used to increase the level of trustworthiness of the results of this study. According to Bryman (2008:377), trustworthiness is made up of four distinct criteria: credibility, transferability, dependability, and confirmability. Table 4.1 gives a brief summary of these four criteria.

**Table 4.1: Summary of Criteria of Trustworthiness**

<p><b>Credibility</b></p> <p>Entails both ensuring that research is conducted according to the canons of good practice, and submitting results and findings to members of the social world whom were studied for confirmation that the researcher has correctly understood that social world.</p>	<p><b>Transferability</b></p> <p>Researchers are encouraged to produce rich accounts of the social world that they have studied. According to Geertz (1973), these rich accounts offer others with what they refer to as a database for making judgements about the possible transferability of findings to other contexts.</p>
<p><b>Dependability</b></p> <p>Entails the adoption of an auditing approach. This ensures that complete records are kept of all phases of the research process. These phases of research include the following: problem formulation, selection of respondents/participants and fieldwork notes, amongst others.</p>	<p><b>Confirmability</b></p> <p>Entails ensuring that the researcher has acted in good faith while conducting research. He/she should show that they have not allowed personal values or theoretical inclinations to sway the conduct of research and findings or results that came of it.</p>

As mentioned above, triangulation was used in this study. Bryman (2008:700) defines triangulation as follows: “The use of more than one method or source of data in the study of social phenomena so that findings may be cross-checked”.

#### 4.7 SELECTION OF CASES

Non-probability sampling was used to select the cases for this study. Non-probability sampling can be defined as a sample that has been selected using a random sampling method. In essence, it implies that some units in the population are more likely to be selected than others (Bryman, 2008:696). There are three types of non-probability sampling; namely, snowball sampling, convenience sampling, and quota sampling.

For this study, the researcher used snowball sampling to select the case studies. Bryman (2008:699) defines snowball sampling as a method of sampling where the researcher makes initial contact with a small group of people who are relevant to the research topic and then uses these contacts to establish contacts with others. The specific type of snowball sampling technique

employed by the researcher in this study was theoretical sampling. According to Glaser and Strauss (1967:45), theoretical sampling is the process of data collection for generating theory whereby the researcher jointly collects, codes, and analyses data, and decides what data to collect next and where to find it, in order to develop a theory of phenomena studied.

The researcher chose two NGOs as case studies, no more than twenty employees or volunteers. The stated goals and objectives of the chosen NGOs had very little bearing on the reason(s) for selection, although they had to be registered under the Nonprofit Organisation Act with the Department of Social Development. The selection technique consisted of the scanning of Internet sources for possible cases. Prospective NGOs were contacted, and cases were selected in accordance with their willingness to participate in the study.

#### **4.8 SELF-COMPLETION QUESTIONNAIRE**

The instrument used by the researcher to collect data for this study was a self-completion questionnaire. Self-completion questionnaires can also be referred to as self-administered questionnaires. As the name suggests, the respondents themselves complete self-completion questionnaires. See Appendix 1 for the self-completion questionnaire used to collect data for this study.

The self-completion questionnaire questions were based on the reviewed literature in Chapter 2 and Chapter 3, and specifically focussed on OE, BPR, governance and organisational design, accountability and funding. The questions were divided into the following sections:

##### *Background Information*

This section contained questions about the NGOs historical background, as well as the beneficiaries and geographical location where they operate.

*Governance and Organisational Design*

This section contained questions on the classification of the NGO, the organisational structure and governance arrangements. It also focusses on how these structures and arrangements affect service delivery to beneficiaries.

*Accountability*

This section focusses on the accountability mechanisms used by the NGO, internally. It also probes the effect multiple or single sources of funding have on the accountability frameworks of the NGOs.

*Organisational Effectiveness (OE)*

This section contains questions on the OE of the NGO. It gives the NGO the opportunity to rate their level of OE, and to present reasons for the chosen rating.

*Business Process Reengineering (BPR)*

This section contains questions on the BPR process, gauging the NGOs understanding of the topic and willingness to implement such a process.

**4.8.1 Advantages**

The researcher used a self-completion questionnaire as a tool for data collection because it has various advantages. Interviewing can be expensive due to various factors such as geographical distance, but self-completion questionnaires considerably bring down the costs associated with data collection. Self-completion questionnaires are also quicker to administer. A third advantage would be that the researcher or interviewer is not physically present when the respondent answers the questionnaire. According to Bryman (2008:218), this is an advantage because it lessens social desirability bias that respondents might exhibit when the researcher or interviewer is physically present. Bryman (2008:218) further adds that self-completion is not affected by the problem of interviewers asking questions in a different order as it might appear on the questionnaire. Self-completion questionnaires are also

convenient for respondents because they can complete these when they want and at a speed that is convenient for them.

#### **4.8.2 Disadvantages**

Self-completion questionnaires have various disadvantages. When answering, respondents do not have the researcher or interviewer present to explain ambiguous terms, concepts or phrases. According to Bryman (2008:218), there is no opportunity with self-completion questionnaires to probe respondents for answers or elaboration. Self-completion questionnaires also have fewer questions than structured interviews, and this means the researcher must be very specific in the data he/she wishes to collect for the study. In this case, the researcher also had to be in contact with respondents on a regular basis to make sure the questionnaires were fully completed.

#### **4.8.3 Respondents**

The respondents for this study were board members, operations managers, and project coordinators in the two selected NGOs. These respondents were chosen because they are primarily responsible for the effective functioning of the respective NGOs.

### **4.9 Results Analysis**

As mentioned in section 4.3, this research was qualitative in nature, and therefore qualitative research techniques were implemented. The method of data analysis the researcher used related to the type of questions (discussion in section 4.8, also see Appendix 1) in the self-completion questionnaire. A mainly deductive approach was used to group the data, before analysis was done.

The self-completion questionnaire was distributed to various respondents in the selected NGOs, a unified response to the questions was then supplied to the

researcher. This means one answer per question per NGO at the end of the data gathering process.

#### **4.10 THE CASE STUDIES**

Below follows a detailed description of the selected case studies, namely, Good Hope Psychological Services (GHPS) and Women on Farms (WFP).

##### **4.10.1 HISTORICAL BACKGROUND**

###### ***GHPS***

This NGO was formed in 1996 in the city of Stellenbosch, in the Cape Winelands Region of South Africa. It was formed and conceptualised at the Stellenbosch Provincial Hospital and later expanded to the nearby town of Paarl in 2003, also located in the Cape Winelands region. GHPS was formerly registered as an NGO under the Nonprofit Organisations Act in 2007 (GHPS 2016).



**Figure 4.10.1** Living conditions of some of the beneficiaries of GHPS

**Source:** GHPS 2016

**WFP**

WFP is an NGO registered under the Nonprofit Organisations Act. It was formed and conceptualised out of a 1992 Lawyers for Human Rights (LHR) initiative that specifically focussed on the needs of women who live and work on farms. At first, WFP operated through a network of women's rights groups on farms, but by 2002 the NGO initiated a process that led to the formation of a member-based farmwomen's movement (WFP 2013).

**4.10.2 VISION AND MISSION STATEMENTS****GHPS**

This NGO strives to equip beneficiaries to live responsibly and considerably within their families, communities and workplaces. GHPS strongly believes that they make a contribution towards this vision by providing healing and preventative work with groups, families and ultimately individuals (GHPS Annual Report 2015:3).

GHPS have the following objectives: offering free psychological services to people who cannot access these services due to financial constraints; providing survivors of sexual and violent crimes with therapy and to help them through the legal processes; strengthening family ties; assisting with relationship problems; educating beneficiaries regarding psychological conditions, such as anxiety, stress and depression, panic disorder and post-traumatic stress disorder (PTSD); and forming partnerships with other organisations in being a voice, and to create hope, for the most vulnerable in our communities (GHPS Annual Report 2015:3).

**WFP**

This NGO strives for an engendered society that treat women who work and live on farms with dignity and respect. This vision is rooted in accordance with



the Constitution of South Africa, which guarantees human rights to all its citizens. Their vision is for a South African rural landscape where women can play an active role in leadership within their communities, families, labour groupings, economic and government structures (WFP 2013).

WFP strives to strengthen the capacity of women who work and live on farms to claim their rights and fulfil their needs, and they do this by the following objectives: socio-economic rights-based advocacy, lobbying, case work, gender education, advocacy and lobbying, case work and support for the building of social movements of farmwomen; promoting accountability, self-reliance, and sustainability; and through self-organisation that counteracts the marginalisation, abuse and vulnerability experienced by women in rural areas (WFP 2013).



**Figure 4.10.2** Information session with women workers on a farm

**Source:** WFP (2013)



### **4.10.3 GEOGRAPHICAL LOCATION AND BENEFICIARIES**

#### ***GHPS***

Geographically, this NGO operates in the Cape Winelands Region of South Africa. This includes towns and cities such as Stellenbosch, Paarl, Franschhoek and the semi-rural areas of Simondium, Bergendal, Pniel, Wemmershoek and Klapmuts.

GHPS offers psychological and therapy services to previously disadvantaged communities in the abovementioned region. These beneficiaries include children, adults, families, support groups and the elderly. The services are offered from the GHPS consulting rooms in Stellenbosch and Paarl, as well as 9 schools in the surrounding semi-rural areas (GHPS 2016).

#### ***WFP***

Geographically, WFP operates and initiate programmes in the South African provinces of the Western Cape and Northern Cape.

WFP's main beneficiaries are women in the semi-rural and rural areas of the Western Cape and Northern Cape. These are primarily women that live and work on farms (WFP 2013). This NGO have its head office in Stellenbosch.

### **4.10.4 SERVICES AND PROGRAMMES**

#### ***GHPS***

##### *Programme 1: Vulnerable Children and Young Adult Services*

The main aim of this programme is to assist vulnerable children and young adults in and rural/semi-rural communities. Projects in this programme includes providing therapeutic support for learners in schools in disadvantaged

rural/semi-rural areas, providing learning development and taking part in youth empowerment projects.

#### *Programme 2: Victim Support Services*

This programme seeks to equip survivors of violent and sexual crimes as well as victims of domestic violence with the necessary skills needed to live meaningful and productive lives. Projects in this programme include working with children who are sexually abused, and counselling victims of domestic violence and violent crimes.

#### *Programme 3: Psycho Social Development of Communities*

GHPS aims to help individuals, families and communities to overcome trauma, personal problems and the impact of past political systems in South Africa in order to live considerate and responsibly within their families and communities. Projects in this programme include the psychiatric support group, personal adjustment therapy, trauma counselling, and marriage and relationship THERAPY.

#### *Programme 4: Interns*

GHPS offers internships to psychologists in educational and counselling psychology, as well as to student registered counsellors who are studying at institutions accredited by the health professions council of South Africa.

### **WFP**

#### **Programme 1: Cooperatives and Food**

This programme aims to promote and support the development of women's cooperatives as a basis for increasing livelihood opportunities and household food security for women seasonal workers. The cooperatives programme also aims to promote environmentally sustainable agricultural practices such as agro-ecological cultivation which challenges the dominant land use model where a large land holding is owned by a single (usually white male) farmer. Through skills development, mentoring, and support the cooperatives

programme builds farmwomen's capacity, improves their economic independence, and strengthens their collectivism.

### *Programme 2: Health and Empowerment*

The women's health and empowerment programme (WHEP) aims to ensure that farmwomen's health needs and rights are accessible and respected, and that these women are empowered to take individual and collective action around abuses of those rights in the home, workplace and community. WHEP seeks to build the knowledge, skills and confidence of farmwomen to enable them to know, claim and realise their rights to physical and mental health, safety and security. With an emphasis on the right to health, and an understanding of farmwomen's contextual circumstances, WHEP consistently and explicitly highlights the intersectionality between alcohol (and substance) abuse, gender-based violence and HIV/AIDS.

### *Programme 3: Labour Rights*



**Figure 4.10.5** Labour Rights information session for farm women by WFP

**Source:** WFP (2013)

This programme seeks to improve the working and living conditions of women farm workers. The programme aims at empowering farmwomen to not only

know their rights, but also to organise and act collectively to exercise and assert those rights.

#### *Programme 4: Land and Housing*

Project in this programme seeks to contribute to ensuring that the needs of farm dwellers, especially farmwomen, are addressed in the race, class and gender transformation of the South African countryside so that black women enjoy independent and secure access and control over land, housing and other productive assets, and occupy a legitimate space as independent landowners and producers within agriculture.

#### *Programme 5: Northern Cape*

Historically, WFP only operated in the Western Cape. WFP received repeated requests from farm workers and partner organizations to expand to the northern cape. This led to the northern cape programme. This programme aims to empower farmwomen with rights, knowledge and confidence to claim and realise their land, housing, health and labour rights, both individually and collectively. The programme also increases the household food security of women seasonal workers through the promotion of agro-ecological food gardening.

## **4.11 RESULTS**

Below is the presentation of the information collected from the respective NGOs. The results will be listed separately under the heading of each NGO, as well as the grouping method outlined in the introduction paragraph of this chapter (section 5.1).

### **4.11.1 GOVERNANCE AND ORGANISATIONAL DESIGN**

#### ***GHPS***

GHPS identifies as a simple (structure) and operational NGO (refer to section 2.3.5). This NGO has clear objectives and try to keep the governance simple,

so it does not spend too much time on organisational activities. GHPS tries to spend as much time and effort as possible on doing its core work. It means that there is much more of a focus on the core objectives and daily operations, than time spent on organisational activities such as strategic planning. GHPS' organisational structure allows it to span its focus and operations narrowly or widely as the context requires in terms of an increase or decrease in the number of beneficiaries. At present GHPS have a management committee that is responsible for core operations. This committee also meets on a regular basis, and this allows GHPS to respond immediately to any issues or problems that needs to be addressed.

GHPS' management committee consists of present and past employees, so they are always aware of the core functions of the NGO. They meet every second week and decisions can be taken immediately. The staff at GHPS' two offices (Stellenbosch and Paarl) meet once every week to discuss matters relating to supervision and administration, so anything that needs to be organised can be done expediently. GHPS have quarterly staff functions at which the full staff are present and more long term decisions or problems are discussed at these meetings. The office manager (appointed in 2016), has taken a lot of administrative duties off the hands of the therapists and has contributed to the smooth running of the work.

From the information gathered it is evident that GHPS operates in a very large geographical area. This means that GHPS have to cover a large region in order to reach beneficiaries that might not be able to come to the consulting rooms in Stellenbosch and Paarl. According to the GHPS Annual Report (2015:5), services rendered to 1230 individual beneficiaries and families (July 2014 – June 2015) in approximately 4646 hour long sessions. Group sessions amounted to 102 hours. In 2015, more than half (56%) of GHPS' beneficiaries were children. The NGO only have 13 full-time employees at the moment, but still able to reach a very large number of beneficiaries. The GHPS staff structure is broken down as follows:

STAFF	NUMBER
Psychologists	4
Counsellors	5
Social Workers	1
Interns (Educational Psychologists)	2
Administration	1
<b>Total</b>	<b>13</b>

**Figure 4.11.1** Staff structure of GHPS

The NGO provides services to beneficiaries in 4 separate programmes that address various problems (as shown in chapter 4). It is evident from the following extract from the Annual Report (2015:5) that these problems are varied and sometimes very complex due to the following problems; violence, poverty, unemployment, substance abuse, and a history of social and political discrimination.

### **WFP**

WFP identifies as a Hybrid / Integrated type NGO. The structure of the NGO at this moment in time can be identified as simple / flexible, but is largely determined by the amount of funding received and number of programmes initiated. WFP is governed by a board of directors, which oversee the governance of the organisation. They also monitor organisational finances and are responsible for policy changes. A management team is responsible for the day to day functioning of the organisation. During mid and end of year reflections community leaders have an opportunity to inform the organisational programme.

WFP tries to develop a model that reflects an identity of a feminist organisation. Although WFP have an “hierarchical structure”, all stakeholder opinions are important. Farm worker women serve on the WFP board, community leaders reflect and inform programmes and strategic direction. There is also a staff representative on the board. Each staff member has the opportunity to chair staff meetings, though that power is shifted and shared. Staff has the independence to decide programmatic direction, the board needs to decide on major strategic shifts.

WFP also operates in a very large geographical area, as is the case with GHPS. This NGO also have a full-time staff component of 13 employees. Staff is divided and /or employed in terms of the programmes that WFP initiated in the Western Cape and Northern Cape. The staff structure can be broken down as follows:

**Table 4.11.2** Staff structure of WFP

<b>STAFF</b>	<b>NUMBER</b>
Management and Administration	4 (Director, Finance Manager, Receptionist, Office Assistant)
Cooperatives Programme	2 (Programme Officer, Programme Intern)
Health and Empowerment Programme	1 (Programme Officer)
Labour Rights Programme	2 (Programme Officer, Programme Intern)
Land and Housing Programme	1 (Programme Coordinator)
Northern Cape Programme	2 (Programme Officer, Programme Intern)
Young Women Programme	1 (Programme Officer)
<b>Total</b>	<b>13</b>

One of WFP's main aims is to build women's leadership, not only of farm women, but also of women working in the organisation. Many former WFP beneficiaries, through capacitation and training opportunities, become staff members. As an organisation, WFP, also need to respond to immediate an eminent crisis on farms and rural communities. Management, staff and community members have the authority to respond to situations that affect farm women, without consulting the board. Board members are volunteers, with full time employment who cannot respond to day to day matters that the organisation needs to respond to. This give the NGO the flexibility to respond as quickly in times of crisis.

Primary beneficiaries avail themselves to become active in one of WFP's right based structures. Part of their responsibility is assist other farmwomen and to

recruit more “members” into structures. This model ensures that beneficiaries are co-responsible and accountable for implementation. It also empowers women and ensures that they have an equal voice in organisational decision making in the NGO. This model of co-responsibility ensures that WFP reach large numbers of beneficiaries in a very large geographical region.

#### **4.11.2 ACCOUNTABILITY AND FUNDING**

##### ***GHPS***

As mentioned in chapter 2, funding can have an effect on the accountability frameworks that NGOs adhere to. It can therefore have an effect on OE as well. In terms of the results it is evident that GHPS has an extensive accountability framework, both internal and external. Monitoring and reporting forms the core elements of this accountability framework (refer to section 4.11).

Reporting (financially and narratively) to funders/donors is very important as almost all of GHPS’ funding comes from these sources, aside from a very small percentage that comes from paid work. See Appendix 2 for a full breakdown of GHPS’ 2015 budget (GHPS Annual Report 2015:13). This NGO is also accountable to government, as legislated in the Nonprofit Organisations Act (No 71 of 1997) and referral agents. GHPS’ accountability framework can therefore be seen as a combination of the following accepted accountability frameworks in the literature: compliance, professional and anticipatory (see section 2.7).

The last couple of years, GHPS funding steadily increased. The NGO was able to expand in a limited way. The increase in funders and donors can be directly related to an improvement in administration and funding proposals. The fact that GHPS have multiple and diverse sources of funding (see Appendix 2) does not have any effect on the NGO’s accountability framework, aside from more administrative duties required in terms of monitoring and reporting.

It was also found that the largest amount of the funding is spent on staff salaries. This is expected, as NGOs have to recruit new staff from the same pool of



possible talent as the government and private sectors. This can be very challenging, as NGOs can not necessarily match remuneration packages with the two other sectors for skilled job seekers.

The following funders and donors are instrumental to make the work possible of GHPS: Het Jan Marais National Trust, The Aksie Stellenbosch Hospitaal, The Marie Stander School of Art, Wings of Support, Sue der Kinderenwho, NG Kerk Suider Paarl, Print Right and Copy Shop, ACVV Paarl Branch, F S Kinderheim Trust, Community Chest, Dr Deidre Abrahams, Trudie Broekmann and Gerhard van der Merwe, ACVV Paarl Branch, Huis van Heerde, First Step, Jeuginisiatief, ACVV Franschhoek, Project Spark, Rupert Education Trust, North West University, Community Heart EV, Dennis Goldberg, Chic Mammas, and Ms Kina van der Merwe.

### **WFP**

Reliance on donor funding increases the vulnerability of NGOs. It is impacted by global economy and more “important” international causes, political and economic. WFP try to curb their operational expenditure. WFP decreased their office space in 2012 and have now been successful in an application to buy the current space in Stellenbosch. This will ensure less reliance on core funding for rental cover. WFP’s biggest expenditure is on programme implementation.

The following funders and donors are instrumental to make the work possible of WFP: ABSA, Action Aid SA, African Development Fund, Brot for die Welt, Canadian High Commission, Cape Winelands District Municipality, DG Murray Trust, DKA Austria, EED & ICCO, Emthunzini Trust, Foundation for Human Rights, FOS, Heinrich Bohl Stiftung, Joint Gender Fund, Media Development & Diversity Agency, National Development Agency, National Lottery Distribution Trust Fund, Oxfam Australia, Oxfam Canada, Oxfam Germany.

WFP also encourages community structures to become self-reliant and ensure that they are aware of the insecurity of funding. They must be in a position to continue with the work in their areas even if WFP cease to exist. Structure members are also informed of major changes in the funding situation, especially

when it impacts on organisational service delivery. In the past the WFP had to retrench staff, due to lack of funds, and resulted in the closure of certain programmes.

This NGO places a lot of emphasis on beneficiaries in terms of accountability frameworks. As shown in the results, reporting and feedback from community members is directly relayed to fellow programme structure members, which then forwards this information to WFP's management committee. As is the case with GHPS, WFP is also accountable to external funders/donors. The management committee is responsible for the compiling of quarterly organisational reports for the governing board, as well as funders/donors. WFP also practices sound financial management and is therefore mandated to release an annual report. This annual report is compiled using information from various external audits conducted throughout the year, culminating in the final audit in February.

#### **4.11.3 OE AND BPR**

##### ***GHPS***

In the self-assessment GHPS rated their level of OE as "Good" (see Appendix 1). It can also be explained by the strong focus on the achievement of goals and objectives. The NGO is primarily arranged and structured with the only focus on achieving stated goals. These arrangements and structures can therefore also change as the context requires the achievement of stated goals.

From the results, GHPS indicated that it has embarked on a BPR process in the past. This includes continuous training (up skilling), strategic planning, as well as, better financial management. They have however also indicated that they would want to implement the BPR tool of process mapping / operational method study (see section 3.3.4). The results therefore show that GHPS would then embark on a process to redefine their internal business processes, to enhance these processes, to ultimately become a more OE organisation.

**WFP**

In the self-assessment WFP rated their level of OE as “Good” (see Appendix 1). They indicated that this rating is due to the following factors: a clear understanding of the sector; clearly defined beneficiaries; partnership between staff and beneficiaries; honesty and accountability; good reporting (narrative and financial); stable governing board; good partnerships with like-minded organisations in the sector; and interaction with government.

The results indicate that WFP have never embarked on a BPR process in the past. They have however also indicated that they would want to implement the BPR tool of Benchmarking (see section 3.3.4). Benchmarking refers to the process of comparing an NGO's business processes and performance to sector bests and best practices from other NGOs. Dimensions typically measured are quality, time and cost.

**4.12 SWOT ANALYSIS**

From the results, the following strengths, weaknesses, opportunities and threats (SWOT) were identified in terms of the two case studies.

*Strengths*

- *Relationships with other NGOs and other stakeholders*

GHPS noted that the relationships and partnerships with NGOs, especially NGOs that render similar services, is very important as resources and information can be shared. These partnerships are very important for GHPS, for example, it has access and full use of schools facilities to see beneficiaries in areas far away from its main consulting rooms in Stellenbosch and Paarl.

- *Vision and Mission Statements*

Both NGOs have very clear and definitive vision and mission statements. It clearly delineates the goals and objectives that each NGO tries to achieve. This narrows the focus and enables the NGOs to use resources

effectively where appropriate to reach the stated goals and objectives in vision and mission statements.

- *Ability to source funding*

Both NGOs have shown a strong ability to source funding from a variety of donors. The annual reports have shown that the funders/donors profile for both NGOs are diverse, on national and international level.

- *Tax exemption*

Under the Nonprofit Organisations Act, NGOs operating in South Africa are exempt from paying taxes to the South African Revenue Services. This means they can offer products and services at a discounted price. This gives them a competitive advantage. NGOs that sell products and services to the public can use funds generated through this process to fund operations where services and products are given for free to beneficiaries.

### *Weaknesses*

- *Problems with governance*

Problems with good governance was highlighted as a possible inhibiting factor to organisationally effective NGOs.

- *Lack of strategic planning*

GHPS and WFP expressed the importance of strategic planning, but this activity is not fully utilised due to the over emphasis and focus on day-to-day activities. It could also be attributed to limited capacity due to funding.

- *Understaffing*

Both NGOs are relatively small and would need to employ more human resources to adequately cover the wide geographical areas that they operate in. The ability to employ more staff is ultimately linked to a stable stream of funding, which is not always possible in the NGO sector.

## Opportunities

- *Enabling environment*

The Nonprofit Organisations Act create an enabling and supportive environment where NGOs can operate. This is a far cry from the apartheid era Fundraising Act.

- *Distribution of resources*

Although, both NGOs work with limited resources (human and financial), and sometimes unreliable, the opportunity exist to evaluate the distribution of resources. The allocation of resources is important, as it ultimately impacts on the OE of the NGO.

- *Support from media and advocacy groups*

Although, both NGOs provide very valuable services to the communities that they operate in, not much of this is publicised in the media. This creates an opportunity for both NGOs to actively pursue relationships with advocacy groups that can publicise their achievements and the work they do in vulnerable communities in the regions that they operate.

## Threats

- *Lack of / limited funding*

Both NGOs expressed the need for more funding to expand and reach more beneficiaries that are in need of their services. More funding would also mean that both NGOs could employ more staff and pay them a monthly salary.

- *Government restrictions*

The Nonprofit Organisations Act presently governs the activities of NGOs in South Africa. It would be advisable that both NGOs understands and complies with this piece of legislation as it can impact on operations, ultimately affect OE.

- *Sustainability problems*

The sustainability of both NOGs can be affected due to the current climate of limited funding and a shrinking pool of private donors. This was primarily caused by the global financial and economic crisis that

started in the first decade of the new millennium. Both NGOs need to be aware of these circumstances as it can have an effect on sustainability of operations.

#### **4.13 CONCLUSION**

Chapter 4 explained and gave context to the research process followed by the researcher. It specifically explained the research design and research methodology. The researcher clarified the research instrument, namely, self-completion questionnaire. The two selected case studies, Good Hope Psychological Services (GHPS) and Women on Farms (WFP) were discussed in detail that included, historical background, services and programmes, as well as beneficiaries served.

This chapter also presented the research results that were gathered from the two selected NGOs, using the self-completion questionnaire (Appendix 1). It also explained and presented the results. It also presented used a SWOT analysis to give an interpretation of the results.

Chapter 5 will give an overview of Chapters 1 – 4, as well as propose a model for OE in the NGO sector. It will also discuss recommendations on a practical side that will improve OE.

## **CHAPTER 5: CONCLUSION AND RECOMMENDATIONS**

### **5.1 INTRODUCTION**

NGOs are usually formed out of the need for collective action in dealing with complex and integrated problems and issues that affect development in our communities and society as a whole. This is evident from the two NGOs used for this study. Both NGOs are dealing with issues that are very close to the hearts of South Africans, namely, mental health and women's rights. With this as background, this last chapter will summarise and conclude this study on the OE of NGOs in South Africa.

This chapter starts with an overview of the previous chapters. It gives the reader the opportunity to familiarise themselves with important concepts and paradigms that are important to understand the objectives of this study.

### **5.2 OVERVIEW OF THE STUDY**

#### *Chapter 1*

This chapter served as an introduction to this study on OE in the NGO sector. It contextualised the environment that NGOs operate in South Africa. NGOs have always played a critical role in the development project in South Africa. NGOs play a pivotal role in terms of social development and greatly contribute to finding a synergy between social assistance and developmental initiatives in a post-apartheid South Africa.

This chapter gave a brief summary of the different definitions for NGOs. Although NGOs have different functions and roles, the basic aspect of non-profitmaking is the same for all organisations that operate in this sector. Although NGOs do not strive to make profit, external funding is usually used for

the operations of these organisations. Due to the global financial crisis since the middle of the first decade of the new millennium, NGOs were also forced to rethink their operations due to limited external funding.

This chapter presented a literature synopsis on NGOs, as well as OE and BPR. This section gave the reader a concise view on the literature surrounding OE and BPR as a set of tools that can lead to an increase in OE. Although BPR is private sector process, the literature shows that it can be implemented with success in the government and NGO sectors.

Furthermore, this chapter established the research methodology and research design followed in this study. The study was qualitative in nature with the design type being the use of two case studies. The two case studies were NGO, namely, Good Hope Psychological Services (GHPS) and Women on Farms (WFP). Information from the NGOs were gathered using self-completion questionnaires. Additional information came in the form of documents such as annual reports, vision and mission statements and budgets.

Lastly, this chapter presented the research problem and study objectives that guided the researcher in conducting the research, interpreting the information gathered, and finally writing up findings and giving recommendations to improve levels of OE.

## *Chapter 2*

This chapter gave an in-depth look at the literature on NGOs. It starts with the development of NGOs and end with a review of the legal frameworks that govern NGO operations in South Africa.

NGOs form part of the bigger civil society. These organisations [NGOs] are formed out of the need for collective action in dealing with certain issues and problems that affect communities and society as a whole. NGOs have different functions and roles, and the literature suggest that their functions and roles would also determine the organisational arrangements and structures. In the literature, the following three types of NGOs were identified: advocacy NGOs,



operational NGOs, and Hybrid / Integrated NGOs. As mentioned previously, NGOs are largely dependent on external sources of funding. The literature identifies national governments and private donors as the two main sources of funding for NGOs. This section on funding is followed by a discussion on accountability, as these two concepts are closely related and have an effect on each other. NGO funders might request certain accountability frameworks as a prerequisite for the funding of a certain NGO. The literature also shows that there are different types of NGO accountability frameworks and these frameworks also vary in terms of which part the NGO operates in, namely, the global North or the global South. Internal accountability in the form of self-regulation is also discussed in detail in this chapter.

Lastly, this chapter ends with a discussion on the legal framework that govern NGO operations in South Africa. This section introduced the reader to the legislative context in which NGOs operate in apartheid era South Africa. The Fundraising Act (No. 107 of 1978) was instrumental in creating a hostile environment in which NGO operated before 1994. The post-apartheid Nonprofit Organisations Act (No. 71 of 1997) replaced the Fundraising Act. This new Act was promulgated to create a new and supportive environment in which NGOs can flourish and operate.

### *Chapter 3 and 4*

This chapter gave an in-depth discussion on OE and BPR. It traced the origins of OE, primarily a concept developed in a private sector context, it also became more relevant in a governmental and NGO context due to the rise of NPM. The literature review also noted that OE is a very difficult concept to define as it can mean different things to different organisation in different contexts. As the concept of OE developed over time, different models of OE were also developed to explain the different processes and arrangements organisations initiated to become more organisationally effective.

The second section of this chapter discusses BPR. Primarily also a concept that first emerged in the private sector, but can now also be applied to the

governmental and NGO sectors. This section outlines the different BPR tools and mechanisms: process visualisation, process mapping / operational method study, change management, benchmarking, and process and customer focus. Most importantly, this section gives context to BPR in the public sector.

Chapter 4 dealt with the operationalization of the study. It outlined the research methodology and research design. It also describes in detail the two selected case studies: GHPS and WFP. This chapter also presented and interpreted the information collected from the two NGOs.

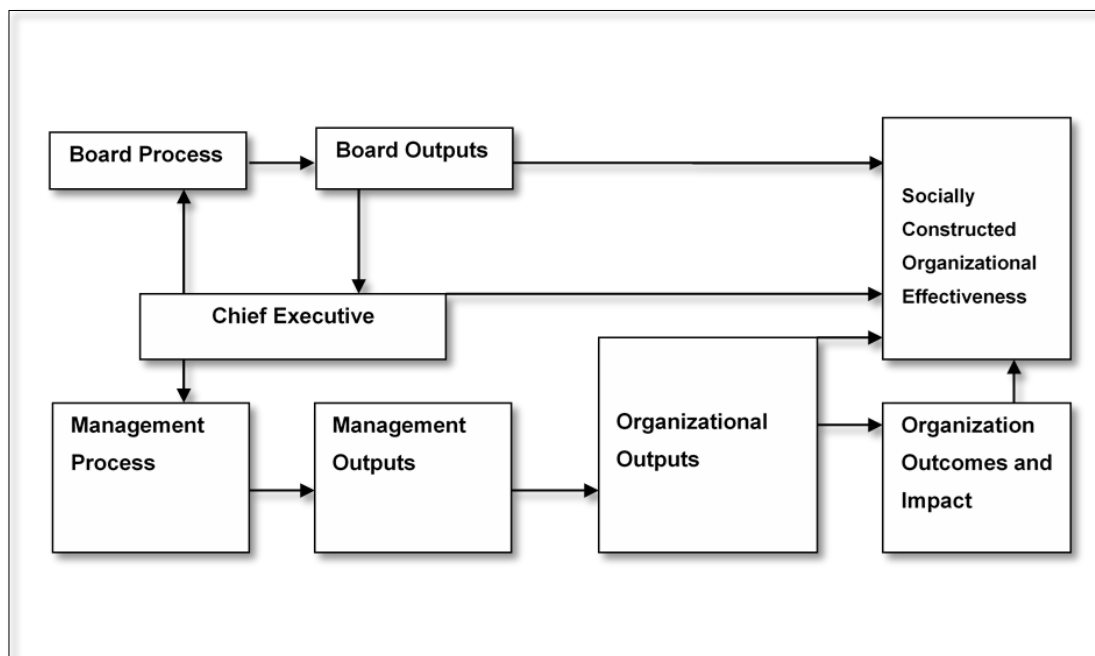
### **5.3 PROPOSED OE MODEL FOR THE NGO SECTOR**

Various models have been introduced to improve OE in the NGO sector. From the outset, it should be noted, that NGOs are complex organisations, and that one model might not apply to all types of NGOs. NGOs are primarily governed by a board of directors, as mandated by legislation. This management feature distinguishes NGOs from the public sector whose governing bodies are elected or public appointed officials. The variety of funding sources, often comprised of both public and private funding, creates a variety of interests that in some instances might conflict with each other and even with the beneficiaries that the NGO serves. Due to the importance of good governance/management, boards are therefore very important when developing or choosing a model for OE in the NGO sector.

One model that have endeavoured to explain OE in the NGO sector is, the Multidimensional and Integrated Model of Nonprofit Organisational Effectiveness (MIMNOE). As mentioned in Chapter 2, there exists little consensus, either theoretically or empirically, as to what constitutes OE and how best to measure it in organisations. In an effort to better understand OE in the NGO sector, Sowa, Selden and Sandfort (2004:711) introduced MIMNOE to clear up some of the confusion on the concept. MIMNOE captures two important dimensions of OE, namely, management effectiveness and program effectiveness. Both of these dimensions have been highlighted in the

information gathered from the two NGOs (GHPS and WFP) as critical factors that ultimately affects OE in the organisations.

By taking into account the importance of governing boards in the operations of NGOs, as well as the significance of management effectiveness and program effectiveness, as highlighted in MIMNOE, Holt (2005) developed a multidimensional model for OE in the NGO sector that takes into account all of these above mentioned factors. The model effectively suggests that governance processes and outputs when combined with management processes and outputs, leads to OE in the NGO sector. See figure 5.5, for a graphical representation of this proposed model.



**Figure 5.3:** Holt's Model for OE in the NGO sector

**Source:** Holt (2005)

Holt (2005) believes that there are two ways of explaining OE in the NGO sector, namely, as a social construct and as a change in beneficiaries who receive services from the NGO. If OE can be seen as a social construct, as per this model, it can be shaped and determined by the governing board, the

executive and the outcomes and impacts that are created by the NGO as beneficiaries receive services.

The model also demonstrates that regular and effective communication, in a variety of ways, with significant stakeholders is essential to improving OE. According to Holt (2005): “The critical interest is to engage in ongoing dialogue with those constituencies whose judgments of the organisation’s effectiveness are likely to be important to the organisation”. Constructive dialogue may enable the NGO leaders to inform and shape the expectations stakeholders will use in future judgments of effectiveness of the NGO in achieving its goals and objectives.

The internal processes and outputs of the management and staff is important in delivering both organisational outputs and changes in beneficiaries who are receiving services from the NGO. This change makes it possible to measure organisational outcomes and impacts at an individual level, in terms of beneficiaries.

In terms of the model, the chief executive is central in creating an organisational culture and leading the staff. From the model, it is evident that this person will have an ongoing two-way relationship with the governing board. According to Holt (2005), this relationship is critical, because it builds capacity within the organisational structures of the NGO.

## **5.4 RECOMMENDATIONS**

On the practical side, the following two recommendations are made to improve the level of OE in the NGO sector. Although these recommendations were primarily developed in the private sector, their applications are valid for the governmental and NGO sectors, as shown in the literature reviewed for this study. The recommendations are the following: Organisational Effectiveness Checklist (OEC) and Business Process Reengineering (BPR).

### 5.4.1 THE ORGANISATIONAL EFFECTIVENESS CHECKLIST (OEC)

As part of the recommendations to increase the level of OE in the NGO sector, the Organisational Effectiveness Checklist (OEC) has become a very important mechanism to make this possible. The OEC will forego any tangible tool that leads to organisational change. The OEC has been used by practitioners, evaluators and consultants when a process has been initiated of designing an evaluation of organisational performance.

The OEC assumes that organisations are deliberately structured and arranged to fulfil a purpose, as stated in their vision and mission statements. By completing the OEC, organisations can have the benefit of finding out what are the inhibiting factors to OE and it makes the process to become organisationally more effective much easier.

The OEC is a set of questions, divided into different sections. According to Martz (2013:2): The OEC is an iterative, sequential checklist with twenty-nine checkpoints grouped into six common evaluation steps.

The six steps include: (Martz 2013:2-3)

- establishing the boundaries of the evaluation;
- conducting a performance needs assessment;
- defining the criteria of performance;
- planning and implementing the evaluation;
- synthesising performance data with values;
- communicating and reporting the evaluation findings.

Also embedded within the OEC are 12 general criteria of performance grouped into 4 value dimensions, namely: adaptability, purposefulness, sustainability, and harm minimisation. Appendix 3 is an example of a typical OEC.

NGOs would be in the strategic position to benefit from the OEC. It would help NGOs to identify the correct steps to improving OE. One of the most important characteristics of the OEC is its temporal relevance, meaning that it balances short-term considerations with long-term expectations, theoretical versus

practical significance, the ability to deal with conflicting criteria, and the modest usage of organisational goals and objectives (Martz 2013:2).

#### **5.4.2 BUSINESS PROCESS REENGINEERING (BPR)**

BPR is the most important practical recommendation for the improvement of OE in the NGO sector, as it has been discussed in detail in foregoing chapters. Although BPR is a concept that originates from the private sector, the reviewed literature (Chapter 1 – 3) has shown successful cases of BPR processes in the governmental and NGO sectors. BPR have been substantially discussed in chapters 1 and 3, so this section will only highlight important aspects that make BPR a valuable tool to deliver organisationally more effective NGOs.

As conceptualised in this study (Chapter 3), BPR involves the fundamental rethinking, streamlining, restructuring and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed. It also involves the analysis and redesigning of work flows and processes internally and externally between different organisations.

BPR is important for NGOs as it helps to focus attention on transformational change in the sector, without putting pressure on core competencies and improvement efforts. As noted in this study, it effectively contributes to a total quality framework that will help bring benefits and advantages to any organisation that embarks on such a process.

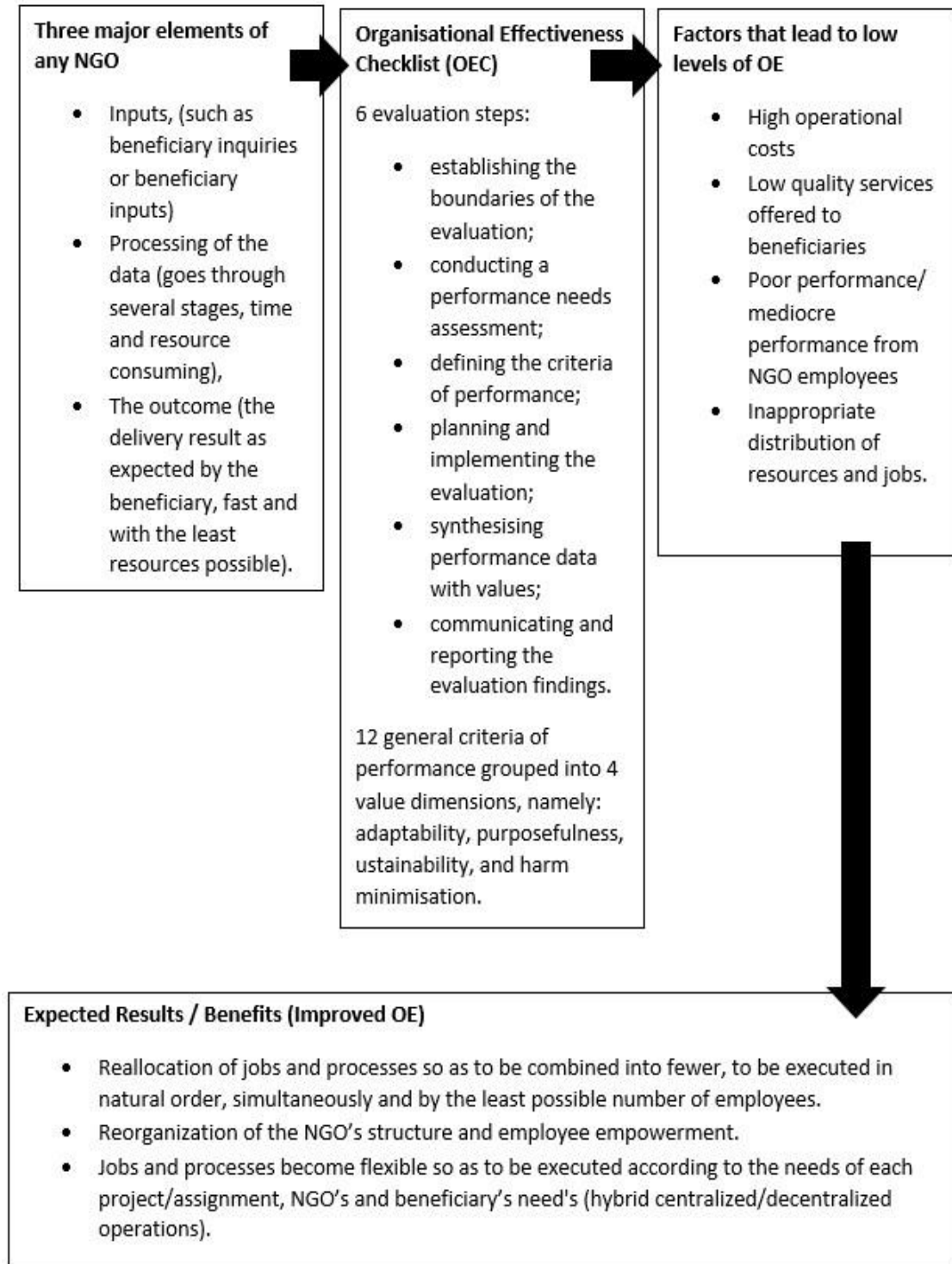
NGOs embarking on a BPR process would have to take into account the various BPR mechanisms: Process visualisation, Process mapping / operational method study, Change management, Benchmarking, and Process and customer focus (refer to section 3.3.4).

One of the most widely used tools to bring about a BPR process in organisations, is IT. If an organisation adopts IT change strategy then there is a chance that it could change the organisational environment of that particular organisation. IT does not affect the organisational structure but does have an

effect on the relationship between management and workers (Yih-Chang Chen 2001: 84). As a tool to bring about BPR, NGOs can actively explore an IT strategy that could lead to dramatic improvements in cost, quality, service, accountability, and speed. IT is therefore a good tool to improve OE in NGOs.

Other tools or strategies, besides IT, that could be used to make NGO organisationally more effective in a BPR process, include the following: refocussing of vision and mission objectives and goals; redesigning of core administrative processes; reorganisation of the NGO into cross-functional teams with end-to-end responsibility for different processes and operations within the NGO; rethink basic organisational and people issues within the NGO; and improving NGO processes across the organisation.

Figure 5.4 (page 95) is a representation of the linear flow of an incorporated BPR and OEC process implemented in an NGO setting. As mentioned in section 5.3.1, the OEC would help NGOs to identify the problems/issues that lead to low levels of OE, and it therefore would help in the correctly identifying the measures and next steps to improving OE.



**Figure 5.4:** A typical OEC and BPR Process (Incorporated)



## 5.5 CONCLUDING REMARKS

This study endeavoured to give insight into the operations and management of NGOs. The study was conducted using conceptual and theoretical approaches of OE to analyse and examine empirically the current state of NGOs in South Africa; by conceptualising processes such as BPR to positively impact on OE at selected NGOs; by critiquing the internal and external factors that might inhibit NGOs from being organisationally effective; and by recommending changes to the current organisational and structural realities of NGOs in an effort to enhance or contribute to OE.

The two selected NGOs (GHPS and WFP) provided the setting where this study was conducted. It is evident that NGOs in South Africa need to rethink their governance and organisational arrangements to adapt to a context where external funds, be it from private donors or governments, are limited. This limitation of funds can be attributed to various reasons, but one of the most important is the global financial crisis.

The study also found that there exist various measures that NGOs can implement to become organisationally more effective. It presented a model for OE in the NGO sector from the literature on this concept. This model focusses on the internal governance realities that NGOs face theoretically. On the practical side, BPR and the OEC is recommended to improve OE in the NGO sector.

A follow-up to this study would be the evaluation of the successful implementation of an actual BPR process in an NGO setting. Charting the BPR process from start to finish, and an assessment of the expected and actual results of such a process.

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## APPENDIX 1



### Identification and background

1. Name of NGO
2. Brief historical background
3. Briefly describe the main services/products offered by the NGO
4. Who are the intended recipients/beneficiaries of the services or products?
5. Where does the NGO operate geographically?

### Governance and Design

Advocacy NGO	Operational NGO	Hybrid/Integrated NGO
Advocacy NGOs can work to influence the key decision-makers to serve the needs of otherwise marginalised or dormant segments of society	Due to their adaptability, Operational NGOs can span their focus narrowly or widely as the situation requires. This allows Operational NGOs to be able to effectively respond to the needs of certain segments of society, or expand operations across national borders.	Some NGOs prefer to perform both activities [advocacy and operations] at the same time, or evolve from one activity to the other. Rapid and extreme changes in the context in which NGOs work can necessitate such a change or transformation. NGOs that work in this way are called hybrid or integrated NGOs

6. How would you describe the functions of the NGO with reference to the table above? Choose from the table one or more of the types of NGOs that best describes the functions of the NGO.
7. Does the NGO presently have a governing board? If YES, what are the functions of this board?

8. Would you describe the organisational design of the NGO as complex or simple? Give reasons for your answer.
9. Does the type of organisational design of the NGO effectively aide in the fulfilment of the NGOS functions? Give reasons for your answer.
10. Does the type of organisational design of the NGO have an effect on the number of beneficiaries served? Give reasons for your answer.

### Accountability

11. What are the accountability mechanisms used by the NGO, for example, feedback, reporting, etc.?
12. How do these accountability mechanisms impacts on the quality of services delivered? Give reasons for your answer.
13. Who does the NGO account to? Please choose one or more of the following options below:

Government	
Funders	
Civil Society	
Beneficiaries	
Other, please specify	

14. Why are these stakeholders chosen in Q 11 so important in terms of the overall accountability framework of the NGO?
15. Which one of the following types of accountability frameworks best describe the NGO?

<b>Compliance Accountability</b>	<b>Negotiated Accountability</b>	<b>Professional Accountability</b>	<b>Anticipatory Accountability</b>
Regulations and legislation is a very important tool/mechanism to ensure accountability and compliance in the NGO sector.	In the NGO sector, accountability can mean different things to different parties, i.e., the NGOs themselves, donors and beneficiaries. The accountability regime will be negotiated on a	Professional accountability is contextualised in terms of societal expectations of entrepreneurial initiative. In terms of NGOs, this equates to effective internal governance,	Anticipatory accountability is created when NGOs develop shared processes of monitoring legislative and regulatory authorities and educate their stakeholders

	continues basis depending on the change in norms and values in society	reporting and professional networking.	(donors, beneficiaries).
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### Funding

16. Is the current funding sufficient to sustain the operations and to facilitate a possible expansion of the NGO? Give reasons for your answer.
17. Does the NGO have a single or multiple source of funding?
18. In the case of multiple sources of funding, what effect does it have on the accountability framework of the NGO? Please explain.
19. What are the biggest cost item(s) funding is spent on? Please choose one or more of the following options, if other items not listed here, please specify.

Staff salaries	
Administration	
Equipment	
Transport	
Office Space	
Other, please specify	

20. To what extent would you agree or disagree with the following statement. Please give reasons for your answer.

*“Donors have a bigger influence on the operations of NGOs than their beneficiaries that receive their assistance or services”.*

### Organisational Effectiveness

21. On a scale of 1 to 3, how would you rate the level of organisational effectiveness of the NGO?  
  
1 = Good, 2 = Bad, and 3 = Not sure
22. If answer at Q 20 is 1 (Good), what would you say contributed to the NGO being organisationally effective?  
If answer at Q 20 is 2 (Bad), what would you say contributed to the NGO being less organisationally effective?



23. In terms of the following organisational effectiveness orientation schematic, where would you say the NGO best fits in?

<b>Goals Orientated</b>	<b>Systems Orientated</b>
The NGO as a rational set of arrangements oriented toward achieving goals.	The NGO as an open system (input, transformation, output).
<b>Strategic Constituencies Orientated</b>	<b>Competing Values Orientated</b>
The NGO as internal and external constituencies that negotiate a complex set of constraints, goals and referents.	The NGO as a set of competing values which create multiple conflicting goals.

### Business Process Reengineering

24. Has this NGO embarked on business process reengineering?
25. If YES for Q 24, please explain the different steps followed in the process.
26. If NO for Q 24, do you think it's necessary to embark on a business change process? Please give reasons for your answer.
27. Below is a list of business process reengineering tools. Please choose one or more of the following tools that you think might be suitable for implementation in the NGO.

<b>Tools</b>	
<b>Process Visualisation</b> - the key to a successful BPR process lies within the development of a vision of the process. There is an overemphasis on the end goal, and not the process itself to reach that end goal ultimately.	
<b>Process mapping / operational method study</b> - Refers to activities involved in defining what a business entity does, who is responsible, to what standard a business process should be completed, and how the success of a business process can be determined.	
<b>Change Management</b> - The human element needs to be managed as it can greatly affects and can be a perceived threat on work methods and jobs.	
<b>Benchmarking</b> - The process of comparing an NGO's business processes and performance to sector bests and best practices from other NGOs. Dimensions typically measured are quality, time and cost.	
<b>Process and customer focus</b> – A overemphasis on recipient/beneficiary satisfaction	

## APPENDIX 2

**SHORFALL/SURPLUS -104,111**

**INCOME and EXPENDITURE for FINANCIAL YEAR Oct  
2014 – Sep 2015**

**INCOME**

**1,480,416 \***

Me C vd Merwe	6,000
Services: ACVV Franschhoek	105,861
ACVV Paarl	100,000
Huis van Heerde, Malmesbury	38,500
NW University                      & Rupert Onderwys	55,000
Funds: EH Broekmann	10,200
Sue der Kinderen	68,632
Dr DK Abrahams (board member)	6,000
Community Chest	23,666
NG KerkSuider-Paarl	16,000
Chic Mamas Do Care (sold 2nd hand clothes)	21,000
Het Jan Marais Nationale Fonds	300,000
Friedrich Schweitzer Kinderheim Trust	120,000
Wings of Support	469,068
Denis Goldberg	60,000
NG Moederkerk Stellenbosch	3,496
Marie Stander Art School	4,500
Sundry donations	16,345
Paid work	6,867
Interest	49,281

**EXPENSES**

**1,584,527**

Admin costs	54,081
- Audit fees	8,000
- Bankcharges	4,554
- General expenses	6,066
- Accounting fees	6,895
- Insurance	8086
- Marketing	6,000
- Postage, Printing & Stationery	4,108
- Telecommunications	10,372
Depreciation	34,002
Projects	6,500
Salaries and Wages	1,446,370
Training, Workshops, Therapeutic material	45,292
Travel Costs	32,284

## APPENDIX 3

### Outline of the OEC

1. Establish the boundaries of the evaluation.
  - ☐ 1.1 Identify the evaluation client, primary liaison, and power-brokers.
  - ☐ 1.2 Clarify the organizational domain to be evaluated.
  - ☐ 1.3 Clarify why the evaluation is being requested.
  - ☐ 1.4 Clarify the timeframe to be employed.
  - ☐ 1.5 Clarify the resources available for the evaluation.
  - ☐ 1.6 Identify the primary beneficiaries and organizational participants.
  - ☐ 1.7 Perform an evaluability assessment.
2. Conduct a performance needs assessment.
  - ☐ 2.1 Clarify the purpose of the organization.
  - ☐ 2.2 Assess internal knowledge needs.
  - ☐ 2.3 Scan the external environment.
  - ☐ 2.4 Conduct a strength, weakness, opportunity, and threat analysis.
  - ☐ 2.5 Identify the performance-level needs of the organization.
3. Define the criteria of performance.
  - ☐ 3.1 Review the general criteria of performance.
  - ☐ 3.2 Add contextual criteria identified in the performance needs assessment.
  - ☐ 3.3 Determine the importance ratings for each criterion.
  - ☐ 3.4 Identify performance measures for each criterion.
  - ☐ 3.5 Identify performance standards for each criterion.
  - ☐ 3.6 Create performance matrices for each criterion.
4. Plan and implement the evaluation.
  - ☐ 4.1 Identify data sources.
  - ☐ 4.2 Identify data collection methods.
  - ☐ 4.3 Collect and analyze data.
5. Synthesize performance data with values.
  - ☐ 5.1 Create a performance profile for each criterion.
  - ☐ 5.2 Create a profile of organizational performance.
  - ☐ 5.3 Identify organizational strengths and weaknesses.
6. Communicate evaluation activities.
  - ☐ 6.1 Distribute regular communications about the evaluation progress.
  - ☐ 6.2 Deliver a draft written report to client for review and comment.
  - ☐ 6.3 Edit report to include points of clarification or reaction statements.
  - ☐ 6.4 Present written and oral reports to client.
  - ☐ 6.5 Provide follow-on support as requested by client.

